

183
**WHITE HOUSE CONTACTS WITH TREASURY/RTC
OFFICIALS ABOUT "WHITEWATER"-RELATED
MATTERS — PART 4**

Y 4. B 22/1:103-159

White House Contracts With Treasury...
HEARING

BEFORE THE

**COMMITTEE ON BANKING, FINANCE AND
URBAN AFFAIRS
HOUSE OF REPRESENTATIVES**

ONE HUNDRED THIRD CONGRESS

SECOND SESSION

AUGUST 4, 1994

Printed for the use of the Committee on Banking, Finance and Urban Affairs

Serial No. 103-159



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WHITE HOUSE CONTACTS WITH TREASURY/RTC OFFICIALS ABOUT “WHITEWATER”-RELATED MATTERS—PART 4

THURSDAY, AUGUST 4, 1994

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 9:35 a.m., in room 2128, Rayburn House Office Building, Hon. Henry B. Gonzalez [chairman of the committee] presiding.

Present: Chairman Gonzalez, Representatives Vento, Frank, Kennedy, Mfume, Waters, LaRocco, Orton, Bacchus, Klein, Maloney, Gutierrez, Roybal-Allard, Barrett, Furse, Velazquez, Wynn, Fields, Watt, Fingerhut, Leach, McCollum, Roukema, Ridge, Roth, McCandless, Baker, Thomas, Johnson, Pryce, Linder, Knollenberg, Lazio, Grams, Bachus, Huffington, Castle, and King.

The CHAIRMAN. The committee will please come to order.

Mr. ORTON. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. Yes, sir.

Mr. ORTON. I am going to be seeking a unanimous consent request to the Chair to enter a letter into the record. I wonder if you could tell me when the appropriate time in the hearing would be to do that.

The CHAIRMAN. The Chair will recognize the gentleman for a unanimous consent request.

Mr. ORTON. Then, Mr. Chairman, I would ask unanimous consent that a letter from me to Mr. Leach, the ranking minority Member on the committee, be entered into the record. This is a letter regarding our colloquy during yesterday's hearing wherein I requested that he supply myself and members of the committee with interview notes, documents, statements, other information which he may have.

The CHAIRMAN. Would the gentleman yield?

Have you provided a copy to Mr. Leach?

Mr. ORTON. I have provided Mr. Leach with a copy and I have copies for every member.

The CHAIRMAN. Is there objection to the unanimous consent request? Hearing none, so ordered.

[The letter to Mr. Leach can be found in the appendix.]

The CHAIRMAN. Today we begin the 4th day of hearings as set forth under the charge of House Resolution 394 before the Committee on Banking, Finance and Urban Affairs.

We are privileged to have our very distinguished former member of the Senate, the Honorable Lloyd Bentsen. And, of course, to us

in Texas, he is a household name, an individual that has rendered service, public service in the State for many, many years; in fact, a former member of this House. He is accompanied by his very lovely wife, Mrs. Bentsen.

And we wanted to let you know that we are grateful, sir. We also know that you spent quite a number of hours yesterday in the Senate, so we want to progress as expeditiously as possible.

Now, I would like to advise the members that the House, in accordance with the leadership decision, will be taking up the rules and the conference reports on the committee's Banking bills for the session. The Interstate Banking and Bank Efficiency Act, which has been named in our conference for our colleague, the ranking majority member, Mr. Neal, and the Community Development Financial Institutions, named for another former member of the House and now in the Senate, Senator Don Riegle. Both of these are very important, and I just thought that we ought to advise you of this.

The order of the day on the House floor calls for these coming up while we are in session and I want the members to know that I have asked Mr. Neal to handle and manage the conference on the House floor.

Now, I think we ought to proceed expeditiously. I have no opening statement at this time, and recognize Mr. Leach.

Mr. LEACH. Mr. Chairman, I do have an opening statement but perhaps I will just put it in the record.

The CHAIRMAN. Without objection, it is so ordered.

[The prepared statement of Mr. James A. Leach can be found in the appendix.]

The CHAIRMAN. Mr. Secretary, thank you again. We know that it has been tiring and grueling, not just yesterday, but for several days, and we also know since we are probably the committee that has, together with our colleagues in the Senate Banking Committee, the most direct or intimate relationship with you as the Secretary of the Treasury. Also, you have appeared before this committee at very timely occasions and last year as we initiated these bills that are now in conference are about to be enacted on the House floor today. Let me say that we thank you for your statement, and you may proceed as you deem best, sir.

STATEMENT OF HON. LLOYD BENTSEN, SECRETARY OF THE TREASURY

Secretary BENTSEN. Thank you very much, Chairman Gonzalez, Congressman Leach, members of the committee.

There are a number of points I would like to cover this morning. And for organization sake, I wanted to present my testimony in four parts. First, I want to describe my relationship to the oversight of the Resolution Trust Corporation and how my office operates. I want next to address my recollection of events. I would like also to discuss the steps that I have taken over the past months. And finally, I want to cover the conclusions which have been reached and the actions that I will take.

Knowing that the responsibilities of a Cabinet officer are different from those of a Member of Congress, I put two systems in place when I came to Treasury to help me make that transition.

First, as it regards the RTC, I serve as Chairman of the Oversight Board. By law, I am prohibited from involving myself in any day-to-day matters. I can discuss policy in broad terms, but I cannot intervene in any case specific matters.

I asked my legislative director, Mike Levy, to make it clear if Members of Congress or staff inquired about specific cases, that they should be directed to the RTC and not to me.

Second, I have organized my office such that all the paperwork on matters of policy and Treasury's varied operations flows through my executive secretary, Ed Knight. Ed is the gatekeeper. It is his job to make certain that what crosses my desk as it regards the RTC, or any issue, contains only those materials which I should be seeing and nothing else.

We have a thick manual at the Department about how information flows to my office. I insist on written briefings. It makes the best use of my time. It is the best way I have found to absorb information. When I am asked for a decision, I expect a memo that gives me the background, lays out the options, tells me what the staff recommends. That way I can either make the decision or let my staff know I want more information or want a meeting on that issue. That is how I deal with substantive issues, not in some bull session.

In short, I have a very organized office procedure. I have run my office like that for years. I did it in business, in the Senate, and in the Treasury Department.

Mr. Chairman, if someone on my staff wanted to communicate with me in a meaningful way, this is how they would have done it. Through my in-box, with a memo, with a meeting on which I was briefed, in writing. That's not to say I don't have occasional impromptu visits from or conversations with my staff. Of course, I do. That often happens if there is a developing crisis that must be dealt with. But for matters of any import, I prefer paper.

I asked my staff to go back and look at my office records to see what I was involved in over the period in which the committee is interested.

I have a memorandum I want to put in the record, Mr. Chairman. My staff said that from September 23 last year until March 21 of this year, I had nearly 800 meetings on 560 topics. I attended 130 meetings at the White House, met with 51 Members of the Congress, testified on the Hill 11 times. I received more than 500 written briefings to prepare for my meetings. I delivered 60 speeches, gave 80 interviews, had 25 press conferences. I received over 2,400 memos. During that period, I traveled to seven countries and nine States.

This entire issue revolves around meetings that I understand were on the issue of handling press inquiries about the Madison Guaranty referral, or on the procedures the RTC would follow in pursuing civil claims. There are differing recollections. But they are about actions that two independent investigations tell us broke no criminal law and violated no ethical standard.

I have turned the Treasury Department upside down. I have turned my memory inside out. We went through thousands and thousands of documents and can't find one written briefing to me on these White House meetings.

It wasn't until March 3 that I learned the extent of these meetings. I issued a statement about the meetings and said I had not attended them and did not know about them.

I may be walled off from most RTC matters, but I am responsible for what happens at the Treasury Department and I accept that responsibility. I immediately asked the Office of Government Ethics to examine these contents. They are a nonpartisan agency. They are the experts.

In preparing for this hearing, I agreed to the committee request to avoid looking at materials regarding the case until I gave my deposition to the Senate committee staff. I agreed to that request, although it frustrated me because I wanted to wade into this and find out all I could. I had to wait over 4 months to start looking at these papers.

After I gave my deposition last week, I sat down and began to read through the material. I saw nothing that changes my recollection. Now, let me lay out for you what my basic recollection is about these matters.

First, I read in the press sometime in October about criminal referrals and Madison Guaranty.

Second, on February 1, Roger Altman and Jean Hanson came to my office. Roger Altman told me he was thinking of recusing himself, and the other subject that came up was legislation on extending the statute of limitations. Later that month, Roger told me he had decided not to recuse himself.

On February 23, I met with Roger Altman and Jean Hanson briefly in advance of the RTC oversight hearings on the 24th. I again told Roger the recusal issue was a personal issue for him.

On February 25, I learned that Roger had testified the day before as to one meeting with people from the White House and that he had recused himself.

On March 3, I read in the press about two additional meetings. It was then that I asked for the Office of Government Ethics examination of the contacts and issued my statement.

Now I would like to review the subsequent events.

Our Treasury Department inspector general's office was asked to support the OGE's examination. Mr. Fiske, the independent counsel, was already looking at this from the standpoint of criminal statutes.

After I asked the OGE to examine the ethics issues involved, Mr. Fiske asked the Treasury inspector general to suspend his work while Mr. Fiske's investigation was under way. And the Office of Government Ethics also independently decided it would hold off until Mr. Fiske's work was complete so as not to interfere.

I want to point out the lengths to which the Treasury Department, at my direction, went to cooperate with Mr. Fiske, with the inspector general, and with the congressional committees.

Every scrap of paper that remotely looked like it might conceivably have some relation to Madison Guaranty savings and loan, or to contacts with the White House, was turned over to various investigators—something on the order of 6,500 pages. They went through hundreds of thousands of documents with investigators to find the ones they needed. We used extra warehouse space to hold back our trash.

I brought in professional investigators from the IRS to go through the top offices in Treasury, mine included. We removed computers from the offices of those involved, including those used by the support staff, had experts go through them to find anything that would be useful. They worked around the clock, quite literally. We searched offices nationwide to see what could be found. And my staff was always promptly available to Mr. Fiske, the inspector general, and congressional investigators to answer questions.

Now, when Mr. Fiske completed his report on this phase of his investigation and concluded that no criminal laws were broken, I asked the Office of Government Ethics to complete its examination of the contacts and report back to me.

Over the past weekend, I received the Office of Government Ethics report. I released it to the public and then I sent it to the President's counsel. I also sent it to every member of this committee and to the committee in the Senate.

The Office of Government Ethics, after a careful analysis of the independently gathered facts, says I can conclude that those working at Treasury did not—and I repeat—did not violate any of the standards of ethical conduct for employees at the executive branch of government.

I heard a Senator say something that stuck in my mind the other day. He said that in this town an allegation is synonymous with conviction without benefit of trial or hearing.

Clearly, in retrospect, it might have been better if some of those meetings or contacts had not taken place or had occurred in a different context. But when you boil it down, no criminal law was broken and the people who work at Treasury did not violate any ethical standard. No one at Treasury intervened in any way or interfered in any RTC action.

The Office of Government Ethics report did say it was troubled by some of the contacts, and it raised important issues that I believe should be addressed.

The Office of Government Ethics said it appeared there were misconceptions by Treasury officials that may have contributed to the contacts. Those include a possible lack of appreciation of the difference between a Treasury function and one belonging to the Resolution Trust Corporation, and what rules applied. They also include a misconception about the standard on the use of nonpublic information and a misconception about the function of a recusal.

Those are very good points. I would like to point out the unique situation in which these contacts occurred no longer exists. Mr. Altman is no longer Acting CEO of the RTC. There are no longer lines of responsibility here that could give rise to misconceptions about job functions and the rules that apply. So the possibility for a jumbling of roles and a confusion about the rules has been greatly lessened.

I have only had this for a few days, and I am not going to make any knee-jerk reaction to what clearly are issues involving management of Treasury functions. I want to reserve judgment on that. I am not going to make any decisions in the heat of debate. I will study this information—and any thoughts the committee might have—to take whatever steps I consider appropriate.

Now, before I conclude my testimony, I want to remind the committee of one important point. The Treasury Department has a law enforcement role, as do a number of other government agencies. It is critical that the Department be able to communicate with other agencies and the White House when necessary.

Let me give you some examples. The White House may need to know that the Secret Service is investigating a crime in which a visiting dignitary is involved. Or ATF and Customs might have an arms export case involving high officials of this country, or of a foreign country.

Clearly, there is a legitimate need to discuss matters in the proper forums with the proper individuals. There must be a mechanism in which public officials can communicate with one another without fear that they are stepping over the line.

We have seen how gray areas can be. Whether it is one set of rules at the RTC, another set of rules at Treasury, and we have seen how sometimes there is no bright white line that gives public officials the guidance they need.

I have written to the Attorney General, our IG, and the Office of Government Ethics. I want to work with them, with the members of this committee, to see what remedies might be available to offer our employees better guidance. It should be clearer for our officials how to handle the issue of confidential information as it regards press inquiries.

Mr. Chairman, members of the committee, two quick points in closing.

First, I have been in public service for almost 30 years. I have seen everything from McCarthy hearings to Watergate, Iran-Contra, the Church committee—all of it. What you have here is a unique confluence of circumstances that, when you strip away all the rhetoric, resulted in actions that broke no criminal law, did not violate the ethics rules, and did not in any way affect the Madison case.

I think that when Congress concludes these hearings, Congress and the American people, who have followed this matter, will conclude the same.

Finally, I am proud that throughout all of this the Treasury Department has been getting its work done, and I think has done a good job.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Secretary.

I believe you have encompassed in a very succinct way about all that could be, and that in fact answers one or two of the questions I had anticipated. However, we are operating here not under the committee's agenda; that is, where under the rule that you will note in the Constitution of limitations on the powers of a committee to investigate, we have really no basic legislative purpose. This is what I have been trying to say since last September and have waited anxiously to have somebody give me a basic reason. However, we are operating under a House-mandated resolution overwhelmingly, preponderantly passed by the House.

So to the extent as I explained to the Speaker when he designated our committee to take the charge, that I would as chairman see it through but at no time would compromise the integrity

of this committee, and it is with that understanding, plus the implementation of that resolution, which was in very general terms by the bipartisan leadership of the House—that is what we are operating under.

Now, I have great esteem and respect for the ranking minority Member. He has worked here on this committee for a goodly number of years. And so, naturally, when the gentleman made a statement in his floor speech in March to the effect that—and I am going to quote—“what the Fiske subpoenas indicate is a movement of an investigation of possible illegal acts committed by a President prior to taking office to possible illegal acts committed in office, obstruction of justice is now clearly at issue.”

Now, you stated that in your tenure of service here but even antedating that, during the 1950's, in the Truman-Eisenhower interim period, in which you had quite a number of controversies on questions of ethics and so forth, you have explained that during your tenure of public service, you have never seen such as this, and that is the point at which we have arrived.

Now, the question I have is, are you aware of any evidence of obstruction of justice by the Treasury Department or any of its functionaries?

And the reason I ask that is because you have explained how careful you have been in dealing both with the special counsel as well as the Office of Government Ethics, and therefore have a precise idea of the issue involved and the charge, the shadow overhanging all of the things leading to this series.

Are you aware of any attempt, direct or indirect attempt, to obstruct justice?

Secretary BENTSEN. Mr. Chairman, I am not aware of any attempt to obstruct justice and to have two independent investigators, who went to such lengths—and I am looking here at the report and some of the depositions—to that degree, and I don't find anything and those investigations found no criminal violation, no violation of ethical standards.

The CHAIRMAN. Well, we also had several outbursts here and on the other side demanding the resignation of the Deputy Secretary. I am happy to say nobody has suggested that in your case.

So with that, I recognize Mr. Leach. My time is up.

Mr. LEACH. Let me begin by underscoring the chairman's last point, Mr. Secretary.

Secretary BENTSEN. Would you speak up a little?

Mr. LEACH. This is a point I think you will be happy to hear. That is, I want to underscore the chairman's last point.

Secretary BENTSEN. Thank you very much.

Mr. LEACH. No one is suggesting that there is lack of public confidence in yourself.

Secretary BENTSEN. Thank you.

Mr. LEACH. You have indicated that there are no ethical problems, but would you not say that the highest ethical standard is truth saying?

And the reason I say this is as I parse together the testimony we received over the last several days from high Treasury Department officials, it appears that candor has been a casualty of the process. That is, when two very intelligent people give opposite ac-

counts on prescient issues, it would appear that one or the other may not be telling the truth. And so it strikes one that there is an ethical issue there.

Do you see it that way or do you think that that is not precisely the case?

Secretary BENTSEN. Congressman Leach, I look at recollections that take place 5 to 10 months, I suppose, after the actions were taken that are different. I don't find that unusual. And these are busy people, involved people, and I don't know anyone that has total recall. Myself included.

Mr. LEACH. I can accept that in many kinds of circumstances and we all know that about our life experiences. In terms of this particular circumstance, in which it is quite clear people were very aware of the legal sensitivities, it is not quite as easy to accept.

And you have asked us what advice we would have. Well, I will tell you that the Treasury Department of the United States probably as much as any other Department is rooted in trust and if one does not have a sense that a Treasury Department official can't be expected to speak with full and complete candor, one has a difficulty. And I am not relating that to any specific individual. I have never in my life that I can recall, although there may be an exception, considered myself a "head hunter." I don't think people should capriciously be asked to resign for whatever reasons. But I do think that when all is said and done, there is an issue of candor that has been revealed in this process and that it can't be understated, whether it be in testimony before Congress or whether it be just simply a difference in refusal to take accountability or responsibility, both of which are very serious issues. So I would hope as you go back and reflect on this, that you will bear this perspective in mind.

Let me just also point out yesterday a very interesting Treasury Department, in effect, corollary developed to what I call the White House rule or the Cutler rule. That is, Lloyd Cutler has suggested that if there is a press inquiry, it is all right to give the President a heads-up. Your general counsel suggested if there is an "imminent" press inquiry, that it is all right to break down the processes of confidentiality and give a heads-up.

Do you support both of those precepts, or either of them?

Secretary BENTSEN. I think where there is no clear line, and I think that is one of the problems that they face in law enforcement in Treasury, and I think in other law enforcement functions in other Departments. I think we need to do a better job of that one.

Mr. LEACH. Let me give it some precision. For example, you have the IRS under your jurisdiction. If you heard that a fellow Cabinet member was being looked at by the IRS, would you give him a heads-up and would the same judgment possibly apply to the White House? Are heads-up of that nature given? I would assume they are not.

Secretary BENTSEN. Not to my knowledge.

Mr. LEACH. Is there not a kind of an analogy here with the RTC?

Secretary BENTSEN. I think when you talk about the White House, and I have cited you some instances where I think the White House would be entitled to know. I think if you had some foreign dignitary, for example, that was coming to see the Presi-

dent and then you found out that the Justice Department, FBI, Secret Service was investigating something, that could be very embarrassing to the President if he had to meet with the fellow, that he ought to be advised of those types of situations.

Mr. LEACH. I appreciate that.

The CHAIRMAN. Mr. Vento.

Mr. VENTO. Mr. Secretary, thank you for being here.

I feel like asking questions today. As Mo Udall, one of my mentors said, we frequently in Congress get into the redundant reassurance of the self-evident.

Secretary BENTSEN. Mo was a good friend of mine. I would like to tell you some of my versions of his stories.

Mr. VENTO. I have heard most of them. I am sure there were a few that were not printable.

In any case, Mr. Secretary, there is such skepticism today with regard to the appearance of propriety. We have seen this unraveling of the confidence in institutions and I fear that the bottom line, whatever the intentions or views of my friends were, is that this brings into the question the credibility of institutions like Congress and the administration. In the end, I think we all end up being losers. It isn't so much a partisan issue as it is a basis trying to reestablish confidence so that we can go ahead and do the job.

I am struck by the events that took place in earlier decades when there was greater confidence in the ability of the Federal Government to deal with problems. Today that is not the case. These questions need to be answered, they need to be answered affirmatively, and we need to get on with the tremendous tasks that we have ahead of us.

One of the issues that resonates is the role of the regulatory agencies and the involvement of political appointees. You are a political appointee, I am a political person. We have tried repeatedly to set up a certain amount of autonomy with accountability; that is you, the relationship between Roger Altman and others, and the professionalism and independence was represented by agencies like the RTC or the FDIC, and others you have listed in your portfolio.

I think the question here is not as spelled out precisely, but that we don't obviously want an agency running off without accountability. The question here is, are we exercising proper accountability.

We are talking about the area on interface where this comes together—where the RTC comes together with the political and policy effort in order to communicate what is going on with those who have the ultimate responsibility to the President.

Can we separate out the issue of partisan politics and self-interest from the exercise of responsible policy and independence?

Were you aware that RTC on a regular basis does report to the head of the RTC regarding instances of criminal referrals that have some ramifications, whether it was the President, the Governor, or anyone else that had his name mentioned in a criminal referral? Are you aware of that particular process?

Secretary BENTSEN. If you are talking about to the head of the RTC, I would assume so.

Mr. VENTO. Were you aware of the fact that that was the policy of the RTC to do such reporting?

Secretary BENTSEN. I don't think specifically, but I would not be surprised by that.

Mr. VENTO. One of the issues that came up is the difference between Deputy Secretary Altman and Chief Counsel Hanson. Do you find Mr. Altman difficult in terms of trying to be corrected when and if he makes an error in judgment?

Secretary BENTSEN. I find him a very intelligent, hard-working man, and I believe in his integrity.

Mr. VENTO. The problem, of course, is that there are differences in perception. I guess you are talking about the limits of human nature in terms of communicating some of these issues. You have a lot of material that has not gone on. I think that you deserve the benefit of the doubt in this until there is a demonstration of factual material.

I think it is evident that there hasn't been a full—there have been accusations and statements made, there have been a lot of theories expounded, but I think there is a responsibility to substantiate them. As Biblical scholars will say, text without context is pretext, and I think we are dealing with some pretext at this point and some theories, Mr. Chairman, and I hope these hearings will clear up some of this.

The CHAIRMAN. The time of the gentleman has expired.

We have a little less than 5 minutes to record a vote so if the Secretary will indulge us, we will allow the members to record their vote and come right back.

Secretary BENTSEN. Mr. Chairman, I understand that well.
[Recess.]

The CHAIRMAN. The committee will please come to order.

And the Chair will recognize Mr. McCollum.

Mr. MCCOLLUM. Thank you very much, Mr. Chairman.

Mr. Secretary, it is good to see you here today even though these aren't the most pleasant circumstances. Some of us who have worked with you over the years are always glad to get a chance to say hello.

I want to ask an interdepartmental question first because of some of the line of questioning yesterday. To the best of your knowledge, have you or anyone else at the Treasury Department ever discussed the RTC criminal referrals which are the subject of a good deal of discussion at these hearings with Attorney General Reno?

Secretary BENTSEN. No, I don't think so. Did you ask if I had—

Mr. MCCOLLUM. If you had or, to the best of your knowledge, anyone else at Treasury had discussed it with her personally.

Secretary BENTSEN. I don't know about others, but I don't think I ever have.

Mr. MCCOLLUM. I think you have answered it. You have not to the best of your knowledge and no one else has. I just wanted to know because of some of the questions yesterday.

I have a memorandum that I have asked to be given to you. This is not one that you prepared. It isn't one that was prepared in your shop. And the question I have about it is a general one. It is one of some controversy. It is a memorandum from Harold Ickes to Mrs. Clinton of March 4, 25 pages in length. We on our side asked for that memorandum, but only got about one paragraph of it. The

other 25 pages were whited out or redacted. Finally, after last week's hearings, on Friday night, it got shipped over to the Senate and it has been a bone of some controversy.

Has this memorandum or the fact that it was to be redacted, not sent here, or the substance of it ever been discussed with you?

Secretary BENTSEN. Not that I recall.

Mr. MCCOLLUM. Mr. Bentsen, in Ms. Hanson's testimony, your general counsel, she says she has a distinct memory of a meeting with you on several occasions to discuss the White House meetings that have become the focus of a lot of these hearings. Yet, on March 3 as you know, you issued a press release that you hand wrote which said, and I quote, "I have confidence in the Treasury officials, but to ensure that all ethical guidelines were followed I have instructed the matter be referred to the Office of Government Ethics for a thorough review. I did not attend any of these meetings, nor was I informed of any of these meetings. I have instructed Treasury officials to have no contact with the White House about this case."

I want to know if it is your testimony that you did not have a meeting with Roger Altman and Jean Hanson on or about February 1 of this year in which Mr. Altman and Ms. Hanson briefed you on the statute of limitations and in which Mr. Altman eventually stated that he intended to recuse himself. Is it my understanding that it is your testimony that you did not attend such a meeting? Or did you?

Secretary BENTSEN. Insofar as their meeting with me in my office on February 1?

Mr. MCCOLLUM. Yes. They did do that then?

Secretary BENTSEN. Yes.

Mr. MCCOLLUM. The reason I asked the question is that the memorandum that you had issued in that press release on March 3 indicated that you didn't, quote, "attend any of these meetings."

Secretary BENTSEN. White House meetings.

Mr. MCCOLLUM. That is a good clarification. We can use that because there is a lot of confusion about a lot of things in this case.

One other area of questioning I am concerned about is the IG issue. Over the years, as you probably well know from your days in the other body, we have had lots of concern about the independence of inspectors general, and while there may have been a cooperative spirit that I gather from reading about your testimony yesterday in the Senate, that the inspector general of the Treasury Department had with regard to your request, and I understand you did request him to give his yet-to-be-completed report on this matter to you to let Mr. Cutler prepare to come testify—

Secretary BENTSEN. Wait a minute. You are incorrect insofar as giving him the uncompleted report. What he requested of me was the sworn depositions, and I checked with counsel and I felt—and I checked with the inspector general and they felt that the White House had been, Mr. Cutler had been very cooperative in that regard insofar as the questioning of White House officials, and felt in turn with the short period of time he had to prepare for testimony before the Congress that this would be helpful. He had the right to come in and interview those same witnesses.

Mr. MCCOLLUM. But it was the work product of the inspector general, Mr. Secretary?

Secretary BENTSEN. Let me complete my statement. I further said and had an agreement with Mr. Cutler that these sworn depositions would be used only by his office with his people and not shared with the witnesses until some point later when we might agree that they should be released.

Mr. MCCOLLUM. I appreciate that. I know my time is up. I just have grave concern. It is an area of sensitivity to many Members who have worked with the inspector general over the years and the request was borderline, in our view. That was the concern I had, whether it should have been made at all even though it was only depositions.

You have explained it. I accept your explanation. I am not sure I agree with the policy decision, but it was a judgment call.

Thank you, Mr. Chairman.

Secretary BENTSEN. I must tell you, if I had refused them I would probably be before you having somebody accuse me of obstructing justice. And I felt that in turn that the information by Mr. Cutler, in whom I have great confidence, who I think has served Republican and Democratic Presidents with distinction, is an expert on the question of ethics, that this would provide additional information for him to make a complete report to the Congress.

The CHAIRMAN. Mr. Frank.

Mr. FRANK. Mr. Chairman, let me pick up where the gentleman from Florida left off, and I appreciate the last statement he made. I think it was a very reasonable and fair statement.

I have a letter dated August 3 from Mr. Cutler to Chairman Riegle in which he essentially explains along the same line as Secretary Bentsen why he wanted the transcripts and makes the point, I think quite convincingly, that no possible interference with the inspector general could have resulted from his getting the deposition transcripts after they were completed.

Remember, Mr. Cutler was not a participant in these events so it wasn't a case of one participant being able to refresh his memory with the recollections of others.

I ask unanimous consent this letter by Mr. Cutler go into the record.

The CHAIRMAN. Any objection?

Hearing none, so ordered.

[The letter referred to can be found in the appendix.]

Mr. FRANK. Since the question of that redacted document came up, I notice when it was submitted, Mr. Cutler wrote to Senators Riegle and D'Amato and said, "We have agreed to go beyond the committee's early request with respect to this document and give you the parts redacted."

And on July 29, a joint statement by Mr. Riegle and Mr. D'Amato said, "We are appreciative of the willingness of the White House to go beyond the committee's earlier request and to provide it."

I take that as their agreement that in fact under original terms the redaction was legitimate, but the White House then agreed to

go beyond it, and that is a statement from Senator D'Amato and Senator Riegle.

Mr. MCCOLLUM. Would the gentleman yield?

It is beyond a request of the committee but the Republicans had requested the whole thing all along.

Mr. FRANK. Yes. But I would say this: The Republicans have requested a lot but the question is, was it within the terms of the agreed-on subject matter. I think Senator Riegle and Senator D'Amato are correct, that this was not within the original scope.

I yield to the gentleman from Iowa.

Mr. LEACH. I would like to make the point that I believe a gentleman on your side, Mr. Barrett, made yesterday that several pages of it were clearly within the scope. In addition, I think a "reasonable man" standard would apply to the relevance of a good deal of this material. I don't want the assumption to stand that because Mr. D'Amato cosigned the letter with Mr. Riegle that this side of the aisle accepts that premise.

Mr. FRANK. I would not always impute to you what Mr. D'Amato said, but I would point out that this was something much more important from Senator D'Amato than a letter. This was a press release, which I believe has a higher order of relevance to Senator D'Amato.

Maybe I will get 30 additional seconds for being such a good yielder.

Mr. Secretary, we have had various conversations, but you were the head of the Oversight Board. Mr. Steiner was—Mr. Stevens was hired and is still working, am I correct? Is that contract still in effect?

Secretary BENTSEN. I think that is correct.

Mr. FRANK. The fact that you only think it and don't know it I think underlines your point, which is that you have not intervened in this. The criminal referral went forward. Mr. Fiske has gone forward. There have been conflicts in testimony probably because of recollections, probably because I think people, I would agree with my friend from New York, I think a couple of people got too cute in their answers. But under any version of the answers, was anything improper done?

Secretary BENTSEN. Not to my knowledge. And the two investigations didn't find anything.

Mr. FRANK. To summarize, Mr. Secretary, I know about scandal. I have worked on scandal and I was even once accused of scandal by someone I thought was a friend of mine. Mr. Secretary, this is no scandal.

Secretary BENTSEN. That is reminiscent of some comments I made one time.

The CHAIRMAN. The gentleman yields back the balance of his time?

Mr. FRANK. I do, unless the Secretary has another good line I can borrow.

The CHAIRMAN. Mr. Ridge.

Mr. RIDGE. Thank you, Mr. Chairman.

Good morning, Mr. Secretary.

When the House and the Senate proceeded back in 1988 and 1989 with the very difficult and controversial task of establishing

the Resolution Trust Corporation, you were involved in that process as well. Because of the extreme sensitivity of the job, and I think the calculation by many of us that there were disastrous effects of political meddling in the early years of the meltdown, Congress intended for that agency to operate independent of political interest. That was the intent of Republicans and Democrats, House and Senate Members, and I think effectively we designed a structure that couldn't make it immune but set it separate and apart and hopefully an independent agency.

During the course of this public discussion and debate about the relationship between the White House, the Treasury, and the RTC, there has been some very troubling testimony that suggests that the RTC, if not actually compromised, was potentially—could have been potentially affected by political pressure, the last thing we wanted. For example, there was testimony that General Counsel Nussbaum asked for the power to approve or disprove RTC hiring decisions, certainly not what Congress intended. There was testimony that your Chief of Staff suggested that the RTC general counsel should be fired. There was testimony that one of the President's top aides put pressure on Treasury officials to "get rid of" a law firm the RTC had perceived potentially hostile to the Clintons. There is disclosure that RTC lawyers prepared and sent a critical 13-page memo criticizing the investigative work into the Madison-Whitewater matter to Justice. There was testimony that the President's counsel discussed moving the decision whether or not to pursue a civil action on behalf of the RTC against principals involved in Madison to Special Investigator Fiske.

I am saying that this testimony is out there. Don't you think it is time for this administration and for you to submit to the Congress a strong and independent and permanent head of the RTC? Don't you think there is no better time than the present?

We haven't had a congressionally nominated and appointed—we have had acting people involved. Don't you think it is time that we have a permanent head of the agency, and will you send one up to us in the near future?

Secretary BENTSEN. I do think it is important that we get someone that is sent up and hopefully confirmed by the Senate. I agree with that. I must tell you we have had a tough time getting somebody to head up the RTC. Nobody wanted to—a short tenure job, a troubled institution, all the criticisms that were mounted on it. I think now we have Jack Ryan, and I do think it is important that we fulfill that process.

Mr. RIDGE. Do you intend on, if I might carry on further, sending Mr. Ryan up for that purpose, or are you—

Secretary BENTSEN. That is what I—you have to get through the vetting process, but that is my intention, subject to the vetting process.

Mr. RIDGE. Do you believe—

Secretary BENTSEN. And I share the view that it ought to be done. I told that to Senator Bennett too.

Mr. RIDGE. Without casting aspersions to Mr. Ryan or denigrating his service to the RTC, have you given thought, given his oversight of that agency during some of these troubled periods, of somebody completely different who can come in with a stronger, more

independent point of view, not having any connection to the troubled accounts that we have all had to endure over the past year, year and a half during his tenure?

Secretary BENTSEN. Congressman, if you knew the problems I have been through trying to find somebody to take that job—so I am telling you where I am headed at the moment, subject to the vetting process.

Mr. RIDGE. I appreciate that, Mr. Secretary.

I can well imagine given the nature of the RTC to begin with, let alone the public discussion of the Whitewater matter and related matters over the past year or year and a half, why it would be extremely difficult to find a qualified, strong, independent person to assume that responsibility. I wish you the best of luck and I hope you find someone and send them to us soon.

Thank you.

The CHAIRMAN. Mr. Mfume.

Secretary BENTSEN. Are you interested?

Mr. MFUME. I appreciate the thought, Mr. Secretary.

Thank you very much, Mr. Chairman.

Mr. Secretary, good to see you again.

Mr. Secretary, let me preface my remarks by thanking you for your service to this Nation over many years. Your excellent tenure at the Department of Treasury, and more specifically, the forthright manner in which you have come to this hearing as you have come to previous hearings and recognizing the kind of give and take that goes on both here and in the Senate on issues such as this and on issues that may fall under your jurisdiction at Treasury.

These hearings have gone on for quite sometime, and as you know and I think as the Nation knows, there has been a great deal of frustration, outrage, disappointment, levity at times, but most of all repetition—the same questions, pretty much the same answers.

The same questions, pretty much the same answers, and there are a number who question whether or not we should even proceed with the hearings. Even I have said at some point in time we have got to end this, that it just can't go on forever.

But the hearings, I think, do serve some useful purpose, and that is for those persons who view their government with a great deal of skepticism, who question its motives and who are suspicious, quite frankly, of everything involving the government. I think the openness of these hearings and the enormous amount of time given both on this side, and on the Senate side, the hours of testimony and response perhaps at least have suggested that this is still a government that operates in the open, a government that is not above its people, and a government even when there are problems, in this case, with a sitting President and a party such as ours, that we are prepared to go ahead and to answer questions and to do it in open forum, and to do it in a way where everyone can at least take advantage and see what is being said and what is not being said and what is to be gleaned from all this.

I share the comments of the chairman in his opening remarks. This is not a legislative jurisdiction we have in this matter. It is the wish of the Congress, an overwhelming mandate that we proceed, and so we have been proceeding, and even though it may be

a bit boring for some to have to hear the same questions and hear the same responses, I think as we move toward hopefully a conclusion of this, that we are all better served in the process.

And so, Mr. Secretary, I have a few questions also and will yield back to the Chair afterwards. If I could, I would like to go back to the September 30 memorandum from Jean Hanson to Roger Altman which raises a number of questions whether or not Ms. Hanson was informing her superiors at Treasury about her knowledge of criminal referrals and her contacts with the White House on the subject we have had at hand now for almost a week.

Sir, have you seen the memorandum?

Secretary BENTSEN. I had not seen the memorandum, I believe—I don't believe I had seen it until either the IG or the Senate interrogators showed it to me.

Mr. MFUME. Were you told about the memorandum, either at the time it was written or afterwards, before you had seen it?

Secretary BENTSEN. No, I don't recall being told about it.

Mr. MFUME. And Mr. Secretary, the memo indicates that you may have been notified about the existence of criminal referrals involving the Rose law firm.

For the record, sir, is that true or is it false?

Secretary BENTSEN. I don't recall being told about them, and I know that in examining the memorandum, it does not refer to any briefing of me about any meetings at the White House on this issue.

Mr. MFUME. The memo also mentions a meeting between Ms. Hanson and Mr. Nussbaum and Mr. Sloan that took place at the White House. Do you remember ever being advised of such a meeting?

Secretary BENTSEN. No, I do not.

Mr. MFUME. Now, Mr. Secretary, Ms. Hanson stated that you were notified on February 1, I believe, that she and Mr. Altman were planning to meet with White House staff to discuss the statute of limitations issue and the question of Mr. Altman's recusal.

Secretary BENTSEN. That is just not correct.

Mr. MFUME. That has continued to come up over and over again. So you were not told about the meetings?

Secretary BENTSEN. About the meetings at the White House, I was not. But we did discuss the issue of recusal and we did discuss the statute of limitations.

Mr. MFUME. How did you finally resolve the issue about how to respond to the question or the recusal and the suggestion of a recusal?

Secretary BENTSEN. I told Mr. Altman that was his decision, that I did not know the facts in the case, that he had to make that judgment. I certainly sympathized with him and the very difficult position he had been put into, and I understand he interpreted that as my advice that if I had been in his position, I would have recused myself. I could understand he might have interpreted that that way, but I made it very clear to him that it was his decision to make, not mine.

Mr. MFUME. You know, Mr. Secretary, one of the odd things about these hearings is, I think, the desire for everyone to try to get from everyone else total recall, and I don't know if that is pos-

sible. I mean, aside from Arnold Schwarzenegger, there are few who have even attempted it.

But I don't think that that should suggest, as some have said, that it is an indication of people trying to hide things. It is just that I think I heard you say earlier in your testimony that both Ms. Hanson—Ms. Hanson and Mr. Altman are very busy and are doing a number of different things, and so if their recollection over months happens to vary somewhat, it is not and should not necessarily be meant to suggest that they are trying to hide something, or in collaboration, or that one is deliberately lying and the other is not.

Secretary BENTSEN. Well, I think that it can well be understood, a difference in recollection, something over 5 or 10 months earlier.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MFUME. Thank you, Mr. Chairman, and thank you very much, Mr. Secretary.

Secretary BENTSEN. Surely.

The CHAIRMAN. Mrs. Roukema.

Mrs. ROUKEMA. Thank you, Mr. Chairman. I am coming apart here with these microphones, Mr. Chairman. And Mr. Secretary, we are very pleased to have you here today and I want to make a statement, observation that I have made, and I note that William Safire has made it in today's *New York Times*, because I think it is important for us to restate the fact that these hearings really are not about Whitewater.

That is probably sometime in the future after the Fiske report, but they are about the relationship, constitutional relationship of checks and balances between the executive branch and the Congress, and I think in the Senate, it has been particularly obvious that what the Senators are trying to do is, and I hope we are trying to do, is discharging our responsibility in conducting our oversight responsibility over the executive branch.

And in doing so, we have to have the whole truth and nothing but the truth, not incomplete or misleading statements, and of course, that is one of the things that has forced us to focus upon Mr. Altman.

So let me ask you, Mr. Secretary, because after all, you were in the Senate for a long and distinguished career, and you know the types of preparations that witnesses who appear before the Senate must go through to prepare for every possible question that the Senate would request. So I want to refer you now to the testimony of Mr. Altman before the Senate Banking Committee last February that has been in such contention.

In all of the preparations for Mr. Altman, it seems incredible to me that not one of the staff involved in preparing his briefing remembered the fact that two White House meetings had taken place in September and October 1993 involving Madison Guaranty and the criminal referrals, even though some of them were present at those meetings.

By the way, I brought this subject up to both Mr. Altman and Ms. Hanson in the course of their testimony. Consequently, Mr. Altman failed to give the Senate accurate testimony with respect to those White House/Treasury contacts.

Can you help us to understand this? Can you shed some light on how this whole problem could have been developed? We are talking about intelligent, professional, educated people, and the question actually arises, was someone purposely giving Mr. Altman incorrect information? Was he purposely deceiving the Senate in his answers?

Did the Treasury and White House staff charged with briefing Mr. Altman, and here we get no direct answers, Mr. Secretary, those people charged with briefing Mr. Altman, did they deliberately conceal the information? Can you help us? Can you explain why it took Mr. Altman almost a month to correct the record with respect to his testimony before the facts?

There is where we strain—he strains his credibility and why I guess Mr. Cutler has advised him to reestablish his credibility. But you, as Secretary in charge of these matters, can you help us understand how this could have happened?

Secretary BENTSEN. Well, I understand Mr. Altman himself has stated that in retrospect, he feels that there are things in addition that he could have said. As to the detail of it, you know, that is in his—in his knowledge. I don't have that detail.

Mrs. ROUKEMA. But you, Mr. Secretary, were not aware, was not aware that Mr. D'Amato had called, Senator D'Amato had called and advised him that these questions were specifically going to be asked?

Secretary BENTSEN. No, I wasn't aware of that.

Mrs. ROUKEMA. Well—and you weren't aware of any of the previous meetings to which he did not allude and then had to correct his—

Secretary BENTSEN. I certainly was not aware of them and I have stated that repeatedly. Let me give you an example, if I may.

Mrs. ROUKEMA. Yes, please.

Secretary BENTSEN. What I did, when I saw the responsibilities insofar as Chairman of the Oversight Board and read this, specifically what the Congress had said in that report, in the conference report, the Oversight Board will review and have overall responsibility for the RTC's activities.

The Oversight Board will not, however, be involved in or responsible for case-specific matters involving individual institutions, specific asset dispositions, or generally the day-to-day operations of the RTC. That is when I said I want a wall built around me in that situation so I do not inadvertently intervene in those case specifics, and that is why that information was withheld from me.

Mrs. ROUKEMA. But you are not making any judgment as to how Mr. Altman could not have been thoroughly briefed or why it took him almost a month to correct his testimony?

Secretary BENTSEN. I don't know. He is the one to ask.

Mrs. ROUKEMA. Thank you, Mr. Chairman.

The CHAIRMAN. May I suggest that since we had Mr. Altman before us extensively, he was asked that repeatedly. The record would be the best source of our own proceedings.

Ms. Waters.

Ms. WATERS. Thank you very much, Mr. Chairman. Mr. Secretary, thank you for appearing here today voluntarily. I watched your testimony in the Senate. I think you handled yourself ex-

tremely well. I don't think that anything new was discovered, and I don't think anything new will be discovered here today.

As a matter of fact, I am impressed with the amount of investigations that have gone on where questions have been asked, people have been before the grand jury, reports have been issued, and we all know what the conclusions are. No one has been found to have violated any criminal law or ethics laws.

With that, then one must raise the question, what are these hearings all about? Some may argue that they are indeed about oversight, but I would make the case, it is oversight after the fact. Some of the questions that have been raised about Mr. Altman's dual capacity are questions that baffle me. We have known ever since Mr. Altman was asked to assume the second role what he was doing. This comes as no surprise to us.

Those of us who serve on this committee in the House and on the Banking Committee in the Senate talk with Mr. Altman, we work with Mr. Altman. We knew what he was doing. We did not see any outcry under the banner of oversight responsibility that would help anyone to conclude that we were doing something to make sure that we helped the President identify someone to take a troubled agency and get Mr. Altman out of that position.

I could raise 101 other things. There are those on this committee who were opposed to extending the statute of limitations. We were divided. So if it is about oversight, it is after the fact. If anyone in America would believe that those of us who are running back and forth to our districts every weekend, who are working on issues, who are working on other committees somehow are involved in some detailed investigation with these hearings where we are going to be able to uncover more than those who have spent hours upon hours, then they are sadly mistaken, and I would not want to fool anyone to have them believe that somehow the investigations have not been done and we can do better.

I commend you and all of the witnesses for being well prepared, for voluntarily coming, for being forthcoming, for even admitting where mistakes were made. I apologize for the time that you must spend, and I am concerned about some of those witnesses who have come here at great expense.

The lawyers are lined up behind each witness and they are being paid, they must be paid, that is their job. People are having to forego their salaries to pay for attorneys to help them get ready for these hearings and then to sit for hours while they are asked the same questions over and over again.

Mr. Secretary, I have no questions for you today. I can't think of another thing that I could ask you that you have not already been asked. I would hope that we would wrap this up very quickly.

If I had my way, I would give a motion to adjourn. I know it won't be supported, but thank you for being with us and try and sit through this with patience. It will be over soon.

Thank you very much.

Secretary BENTSEN. Thank you.

The CHAIRMAN. Mr. Roth.

Mr. ROTH. Thank you, Mr. Chairman. Mr. Secretary, I think the last time we were together I was on the Oversight Subcommittee, Banking Oversight Subcommittee, and I remember that I wasn't

very happy that Mr. Casey had been forced out and Altman put in, and I was just going to ask you, why was Casey forced out, Altman put into that position?

Secretary BENTSEN. Let me say that Al Casey is a man I have known for some time, and he is a trusted friend of mine, and you had a situation developing there where we were trying to get funds for continuation of the RTC, and the RTC had a very troubled past.

And at that particular time now, Al Casey and I sat down and visited about it as to what should be done. He also sent a letter to the people of the RTC in which he, and I quote, "I wanted you to be the first to know that I have informed Treasury Secretary Bentsen of my desire to return to the private sector the beginning of April 1993. In the intervening period, I shall be delighted to serve at the pleasure of the President. This timeframe should be an adequate interval for the President to find a qualified replacement."

It goes on to talk about the privilege of serving the country. He also told me he had had an offer that he wanted to take, and I believe it was with SMU, if I remember correctly. So that was a—

Mr. ROTH. Mr. Secretary, my recollection is a little bit different. It seems to me that Al Casey sent that letter after he was told that he was no longer welcome, it seems to me.

Secretary BENTSEN. I don't know of anyone who told him that. I did not.

Mr. ROTH. You did not. It seems to me that Al Casey sat down with you and said that he would be happy to stay on.

Secretary BENTSEN. Al Casey told me, as we discussed it, that he had another offer, that he was interested in taking the offer, and it was an agreed decision by the two of us.

Mr. ROTH. We had Al Casey before our oversight hearing, and I was very much interested in this, and my recollection is that Al Casey said that he would be more than happy to stay, but that you had asked him, it is time to go basically, and so he did send in his resignation like a good soldier, but that he did tell you, look, if you ask me to stay, I will stay.

Secretary BENTSEN. I don't remember that detail about it.

Mr. ROTH. You don't remember. The reason I am asking this is that I know at the time I was concerned about this because I thought Al Casey was on the right track in closing down the RTC.

He told us that he could close down this RTC in short order, I think, by the end of the year. I don't exactly remember the exact words either, but it is in the transcript.

Now, the question I have is that there were so many vacancies, you know, as you recall, and here we had a man, as you had mentioned, Al Casey, who was competent, who was a dedicated servant here in the government and he is forced out to bring in Altman. It doesn't seem to fit.

Secretary BENTSEN. Well, the problem at the same time was that we had to get some appropriations out of the Congress to be able to close down the RTC. As I recall, we had gone for a year without it and it was costing about \$3 million a day to keep those institutions open that should be closed down, and it was felt that that kind of a change might be of some help in getting the Congress to go along with it.

Mr. ROTH. Well, I—my time is up. I would just add this: I would say it would have been easier probably with Al Casey to get the funds because Al Casey said by the end of the year, I will close down RTC. RTC is still going today. Who knows how long it is going to be in operation?

Secretary BENTSEN. I certainly expect it to be out of operation by the end of 1995.

Mr. ROTH. Yes. But see, Al Casey would have had it closed by the end of 1993. It would have saved billions and billions.

Secretary BENTSEN. I, frankly, question that, with all due respect for my friend, Al Casey.

Mr. ROTH. Well, the reason that I—again, he was before our subcommittee and the reason—

The CHAIRMAN. The time of the gentleman has expired.

The Chair would like to point out that the gentleman's record of lack of support for the financing or refinancing of RTC was very, very clear to those of us that had been struggling since April 6, 1992 to help Al Casey.

So I think the gentleman is trying to argue with the Secretary as the gentleman tried yesterday with Mr. Altman in accusing him of having fired Mr. Casey. That prompted me to put in the record the history of Mr. Casey's calling me to complain that he could not reach President Bush or get his support.

He had reached him and he couldn't get President Bush to come out forthrightly and get behind his request because he was assuring us that once provided that \$25 billion, as I recall the figure, he would ensure that all of the processes of closing down the institutions that were costing in excess of \$3 million a day, he guaranteed us.

So I expressed great words of support and admiration for Mr. Casey's job. Mr. Casey incidentally—talk about the difficulty of attracting people—you know, he volunteered. He came out of one of the highest executive positions as a long-time head of American Airlines. Give him credit for having built up that powerful airline, and he was willing to come and take this thankless job. And so then if you will recall, sir, after he left, emanating from his own administration, a very sorry spectacle was raised of a conflict of interest, supposedly with some female.

I am sure that must have troubled Mr. Casey to this day, but I think that the record ought to show that the best witness as to what transpired in the decision is the Secretary's testimony that he has given us today supported by the letter that Mr. Casey wrote.

Now, I have looked over the record of the proceedings of the committee; that is, the Subcommittee on Oversight, and there is room there to argue about what Mr. Casey really said was the chain of events as to what came first, the chicken or the egg, whether he was told clearly he wouldn't continue and then offered his resignation or not.

So I think that in all fairness, Mr. Roth, and I think that despite the gentleman's tendency, he does want to be fair and he does want to be truthful. And so I think that the record should show clearly that we have the prime witnesses, both the Deputy Secretary yesterday and now the Secretary himself, and he has answered very

forthrightly and produced the document signed by Mr. Casey. I hope that will be laid to rest.

Mr. ORTON.

Mr. ORTON. Thank you, Mr. Chairman, and welcome, Mr. Secretary.

Secretary BENTSEN. Thank you.

Mr. ORTON. My colleague, Mrs. Roukema, has cited a column by Mr. Safire in the *New York Times* today. She indicated that this hearing was not about Whitewater. I think that is accurate. It should not be.

In fact, the purpose and scope of this hearing was to investigate contacts between the RTC and Treasury Department and the White House, to determine whether anything was wrong there, and in the Senate to consider possible lying to the Senate or not telling the whole truth to the Senate in their hearings.

In fact, Mr. Saffire is very critical, and I think rightly so, of this committee and these hearings in saying that it is nonproductive, that they appear to be a circus. I think the primary reason for that is the tack which the minority has taken throughout these hearings. In fact, prior to these hearings, as the chairman cited, Mr. Leach took the floor and suggested that the President of the United States had committed obstruction of justice while in office. Further Mr. McCollum, and I quote from his words in the record in this hearing just a few days ago, said "What concerns me is the compromise of this entire investigation by the President of the United States talking to Governor Tucker."

These are very serious allegations of obstruction of justice. All of those things have been disproven. The special prosecutor has looked into the allegation. Mr. Leach yesterday in his opening statement cited "new facts," and then went on to lay several allegations into the record. He said, "It may be true that criminal referrals were not effectively blocked, but it is not true that an effort to do so was not made." This is another serious allegation of at least conspiracy to obstruct justice, if not outright obstruction of justice. He goes on to say, "It is difficult to assess at what level efforts were precipitated but it is clear these were coordinated . . ." suggesting again the actual conduct of obstruction of justice or conspiracy to obstruct justice.

I have submitted into the record today a letter requesting Mr. Leach to turn over all of those documents, statements, information, everything he has, and identify which is new information that the special prosecutor and the OGE did not have available so we can determine if, in fact, there is additional information which would prove these allegations.

But it would seem to me, absent any additional facts, information, documents, or evidence that, in fact, the allegations which have been made and continue to be made over and over ad nauseum by the minority, which allegations are totally unsubstantiated by any facts or any evidence, have been absolutely refuted by the special prosecutor, by the OGE, by the investigations, by the Treasury's counsel, and by the White House counsel.

It seems to me that there are two legitimate purposes for these hearings. It is for the Senate to determine whether or not Mr. Alt-

man told the truth and the whole truth in testifying to the Senate. That is not in our purview because he did not testify before us.

The other purpose is our legitimate oversight of the Treasury Department and the RTC. Mr. Secretary, I would like you to respond to us, if not during time in testimony, at least in writing, and give us your analysis of what is going wrong and what has gone wrong at the RTC. It may be the very creation of RTC. Should we have even created the RTC as a separate entity or should we have placed the responsibility with the FDIC or the Justice Department to investigate failings of these institutions.

Is the organization and operation under FIRREA and FDICIA appropriately being carried out by the Treasury Department and the RTC? Was there an error in naming an Assistant Secretary of the Treasury to head the RTC? Was there a failure on the part of the Senate in not confirming or acting quickly enough to confirm the nominee to head the RTC? Has there been a failure of this committee or the Senate Committee on Banking to hold adequate oversight hearings of the RTC?

I think those are the legitimate purposes of this hearing and I would hope you would respond to some of those.

Secretary BENTSEN. Congressman, I have this as the response: The IG's report, the Office of Government Ethics report, the special counsel report, the depositions taken.

It seems to me that when you have three separate investigations, that there has been an extraordinary effort to get at the facts. When I think of the fact that we had—get this—hundreds of thousands of documents examined, that we sent up 6,500 pages that we thought might be pertinent, I think it has been an extraordinary coverage of it.

The CHAIRMAN. The time of the gentleman has expired.

Mr. Baker.

Mr. BAKER. Thank you, Mr. Chairman.

Mr. Secretary, welcome. I will bet the Senate Finance chairmanship looks pretty good to you now. I would ask a favor.

Secretary BENTSEN. What did you say?

Mr. BAKER. The Senate Finance chairmanship probably looks pretty attractive to you now.

Secretary BENTSEN. I will tell you, in addition to that, I took—what did I take, I think I took a \$40,000 cut in pay. My wife doesn't understand that one.

Mr. BAKER. I am going to ask sort of a consideration, and before I start my parallels in trying to respond to some of the statements coming pro and con in this matter, if you took off your Secretary's hat and you put on that south Texas hat that us Louisianians are so familiar with, and you were out on one of those hot afternoons talking to a Louisianian about a problem, we just sort of talk straight and we say, here is the problem and how we work this out.

All the hubbub about why all these accusations can really be summed up this way. I am going to ask your opinion when you hear my summary. The Chief of Staff to the President of the United States is a very important person, so is the Secretary of the Treasury, and if you were standing outside the White House and you were watching the conduct of official business in the White House and something really important to the President occurred,

you would assume at some point that those members of the Cabinet, those important political confidants of the President of the United States through staff somehow would be advised and determine there is a problem and take some corrective action because that is the nature of the responsibility of serving in the President's Cabinet, from my view.

Now, here is the problem: In talking to Mr. McLarty, who is also, I believe, forthright and honest in his disclosure, as I believe you are, he didn't really claim to learn of these matters from staff. He claimed to first learn of them through news accounts some months after meetings occurred and, in fact, the most amazing part about that—or most astounding, I don't want to cast a cloud over Mr. McLarty—in this statement one of the meetings occurred in his office, his physical office and he didn't know what the outcome of that meeting was about.

In your comments over the course of this time, which I again restate, I believe your forthrightness and your integrity is without question in this matter, but when you first learned of this, it was through perhaps news accounts or general public discussion, not specific contact from, say, Ms. Hanson to you, although she is the lead legal counsel in the agency.

You don't really recall any discussion with anyone with regard to criminal referrals up until about somewhere in the range of February of this year, and this is the——

Secretary BENTSEN. I read something of criminal referrals in the newspapers.

Mr. BAKER. That was my point, that the first sort of awareness of it was through news accounts, that in response to Senate questions yesterday, that between the Senate hearing on the 24th and Mr. Altman's last correction of March 21, there was a lot of turmoil.

Mr. Gramm asked, did any of this bubble up to you, and you said, I don't think so. Then in response to a question to Senator Bond, your schedule shows you met with Hanson and Altman on February 1 and February 3. What happened at that meeting? I don't know.

Secretary BENTSEN. No, I didn't say that. No, I didn't say that. The February 1 meeting, I went into it at some length. I said the February 3 one, I did not recall.

Mr. BAKER. And I am not alleging—I am just reading what I was given from the transcript. The point of it all is to a reasonable man who is not in politics, who is looking at what is going on, what is the big deal? Did the President know it? Did he exercise his powers and influence through his staff as President of the United States to receive treatment that would be different from any other Louisianian or Texan who was caught in a similar circumstance, and we look to the capable, very intelligent individuals who surround the President and we hear in these proceedings the reasons—the way we found out about it, this was through the newspaper, and that we didn't advise or protect the President from what could have been a politically embarrassing situation.

It is—we are looking at the same set of facts as best we can get them and coming to the conclusion there has got to be some other explanation, not that you are in any way misleading this committee

nor haven't been forthright, but it is just very difficult for us to reach the conclusions that some have suggested, there is absolutely nothing going on and all, this is just a harmless misunderstanding.

Secretary BENTSEN. Well, I am not sure you were in the room at the time, but I told you the position I was in as Chairman of the Oversight Board, and that I had a set of rules there as provided by the Congress that I must not intervene in specific cases, and I set up a procedure to be sure that there was a wall built around me that I did not even inadvertently get in that. And staff knew that.

Michael Levy, who represents Treasury in the Congress, understood that, and if any individual member had asked me anything about that, that that was to be referred to the RTC, not to me, about a case specific, set it up with Ed Knight that all these documents, memorandums, had to come across his desk, and he is to be the gatekeeper and see that I did not even inadvertently intervene. That is why I was isolated on those kinds of issues in trying to follow that out.

The procedures I set up worked.

Mr. BAKER. I am out of time, Mr. Secretary. Thank you.

The CHAIRMAN. The time of the gentleman has expired. Mr. Bacchus.

Mr. BACCHUS OF FLORIDA. Thank you, Mr. Chairman.

The CHAIRMAN. Pardon me? Mr. Kennedy is going to have to leave to take part in the debate on the Banking bills on the House floor, so if the gentleman would yield, I will recognize Mr. Kennedy.

Mr. BACCHUS OF FLORIDA. I will certainly yield since the title of mine is in that bill and Mr. Kennedy supported me on that.

Mr. KENNEDY. Well, we will make sure to take good care of you over on the House floor, Jimmy. I appreciate the gentleman from Florida yielding and appreciate the chairman. Mr. Chairman, I want to welcome the Treasury Secretary this morning.

I also want to deal with some of the reports in today's newspapers criticizing the way that the House Banking Committee has conducted its hearings. I think that as we have heard over and over and over again, this is a situation where I think many of us on this committee have looked at the facts in this situation, have concluded that with the conclusions of the Office of Government Ethics, with the conclusions of the—of Mr. Fiske, with the conclusions of all of those individuals that have looked closely at this case, that the final supposition or conclusion by members of this committee for the most part is that this is nothing more than a political attack for political reasons by Republicans on this administration to try to undercut the administration's credibility, and therefore there have been many of us on this committee that have taken a tough stance with regard to how Republicans have conducted themselves in the—and the way that these issues have come across as being very, very thin soup when all is said and done in terms of what has actually occurred and whether or not anything at any time was done by any member of this administration to involve itself in the actual course of events that would take place under a normal investigation of a savings and loan.

That did not happen in any way, shape, or form, unlike the RTC under the leadership of the Bush administration where interventions did take place by the administration in the Justice Department over and over again. Those instances we got directly lied to by witnesses that sat at that table and nobody questioned them and, not only that, but this committee asked time and time again for Republicans to come and testify before it from the Bush administration, and we were flat out denied those witnesses in coming before us and telling us their side of the story, unlike this administration which has sent every witness that we have asked for.

I say that because I know that the chairman is being brutally attacked and I view this, unlike other hearings that have been held in this room, as a strictly partisan attack on this administration by Republicans without a shred of evidence that any wrongdoing took place.

Having said that, I also want to deal with the perception issue, Mr. Secretary. You yourself, and I think in tribute to your leadership, call for an OGE report, Office of Government Ethics report in your own shop at the Treasury Department.

Secretary BENTSEN. Correct.

Mr. KENNEDY. And while we cite over and over again the fact that no ethical violation took place, under your own ethical review, I understand that there were contacts that were labeled as troubling.

Are there any steps that you feel that you should take or that the Treasury Department should take in order to deal with this dual role that Mr. Altman had been asked to play in order to deal with the kinds of ordinary responses that are going to be quite necessary between the Treasury Department and the White House in order to deal with just the workings of government, and yet the inherent conflict that is always going to take place when you are talking about an agency that deals with billions and billions of dollars?

Is there something that can be done to try to resurrect the confidence in the American people between the Treasury Department's contacts and the White House?

Secretary BENTSEN. I think that the Office of Government Ethics made some good points, and there are some troubling areas, and I think there are things that can be done to draw a bright line as to what officials can do and cannot do in that type of situation, and I have—I advised the Attorney General, the Justice Department, that I was going to be conferring with them.

I have sent them a letter. I have sent one to the Attorney General. I have sent one to the Office of Government Ethics to Director Potts, who incidentally is the only political appointee I believe in the Office of Government Ethics, and was appointed under the Bush administration and given a 5-year term so he could be away from political pressures, and frankly, he is a very distinguished attorney and a man of ability.

And to Mr. Robert Cesca, the deputy inspector general for the Office of Inspector General, asking for their counsel and their guidance and drawing these lines so we don't have this muddling of what can and cannot be done.

I might also say by the fact that we now have someone in there heading up the RTC that there is not the—not near the chance of that kind of a problem, but I do think in the Vacancy Act that there are some things that should be done to try to help in these kinds of situations, not just in Treasury, but throughout government, and I would hope we could work up some legislation to send to the Congress to try to assist in that regard.

Mr. KENNEDY. I would like to follow up, but I am out of time. Thank you, Mr. Chairman.

Thanks, Mr. Secretary.

The CHAIRMAN. Mr. Kennedy, thank you for the kind remarks. Thus, we have got to simply stick together, and my head is bloody but unbowed. The gentleman is excused to go to the House floor, provided he commits himself to continue to defend my homestead provision.

Mr. KENNEDY. It will be in. Do we have the support of the Secretary on that, Mr. Chairman?

The CHAIRMAN. Let's not get him into it.

Mr. KENNEDY. I see.

The CHAIRMAN. Mr. Johnson.

Mr. JOHNSON. Thank you, Mr. Chairman.

Good morning, sir.

Secretary BENTSEN. Good morning.

Mr. JOHNSON. Pleasure to see you here. I have to respond to Mr. Kennedy's initial remarks because I am not sure that the attacks on the Republican administration were warranted, but I think there is a lot of shredded evidence out there that we haven't seen yet.

Mr. KENNEDY. Will the gentleman yield? What shredded evidence are you referring to?

Mr. JOHNSON. I am not going to yield to you.

Mr. KENNEDY. If you are going to talk about shredded evidence, would you please back it up?

The CHAIRMAN. The gentleman refuses to yield.

Mr. JOHNSON. If you will let us get into that part of the investigation that was restricted from this hearing, we would talk about it, but we can't in this meeting.

Mr. KENNEDY. It is irresponsible to talk about shredded evidence with all these cameras without backing it up.

The CHAIRMAN. Point of order. The gentleman is out of order.

Mr. JOHNSON. Mr. Fiske is looking into that part of the investigation and we will know about it when he finishes his report.

Mr. KENNEDY. If the gentleman is going to talk to me, look me in the eye, I would like a chance to respond.

The CHAIRMAN. Does the gentleman yield to Mr. Kennedy?

Mr. JOHNSON. I will.

Mr. KENNEDY. Thank you very much, Sam. I appreciate the gentleman yielding. The fact of the matter is I have heard nothing that indicates that there has been shredded evidence. I can back up the fact that in the Republican administrations, there were, in fact, contacts by Boyden Gray trying to derail the investigations into the Silverado case, number one, and second, trying to—trying to derail the investigations into the Iran-Contra issues.

The CHAIRMAN. Will the gentleman yield to me?

Mr. KENNEDY. I am sorry. Sure, Mr. Chairman.

The CHAIRMAN. I have said before that I know how troubling it is and everyone was, but I think we have got to stick to the charge we have before us and let the dead handle the past, not weigh heavily on our proceedings. Also, I would caution the gentleman not to inject the—obviously what is going to bring a reaction from the minority side, a regurgitating of charges of several years back.

Mr. KENNEDY. I yield to the chairman, but I bet you the chairman agrees with my statements.

The CHAIRMAN. I thank the gentleman very much.

Mr. Johnson.

Mr. JOHNSON. Thank you, Mr. Chairman.

Thank you, Mr. Kennedy.

Mr. KENNEDY. Thank you, Sam.

Mr. JOHNSON. Mr. Secretary, I am told that Josh Steiner really told this committee that he briefed you on October 14 about the meeting at the White House with Bernard Nussbaum, Stone, Lindsey, and all those people.

Do you recall that briefing and what was said?

Secretary BENTSEN. No, I do not recall that briefing. I have been told subsequently that he thought he started to brief me and I asked him a question, and he didn't understand and didn't have the answer and stopped.

Mr. JOHNSON. Well, the question that he indicated that you had asked was, where was Madison Guaranty located? Does that help?

Secretary BENTSEN. That is what I understand I asked, yes.

Mr. JOHNSON. Yes. You still don't recall that conversation?

Secretary BENTSEN. It could have well happened up to that point. I don't recall it.

Mr. JOHNSON. What I wonder is yesterday Ms. Hanson told us that she worked directly for the Deputy Secretary, Mr. Altman, who told us that he didn't have any management supervision over her, that she was the Treasury counsel, general counsel. Does she work directly for you?

Secretary BENTSEN. If you look at the table of organization, she is directly under the Deputy Secretary. I think the problem—the difficult position that she was put in, that she was trying to help and fill in over on the Resolution Trust and she got herself somewhat in the same position that Roger Altman did in trying to serve two masters.

Mr. JOHNSON. And couldn't do it?

Secretary BENTSEN. Well, it is difficult. I think that is a very good point that the Office of Government Ethics has made, that we have to have a clear line in that situation as to which set of rules are applying to them as they fill each role.

Mr. JOHNSON. Have you spoken with Steiner, Altman, or Ms. Hanson since your Senate hearing yesterday to discuss these matters at all?

Secretary BENTSEN. Since I testified yesterday?

Mr. JOHNSON. Yes, sir.

Secretary BENTSEN. No. No.

Mr. JOHNSON. OK. Well, I still wonder how those people can make White House contacts directly, as they have said they did, and not make you aware of them. I would certainly think—

Secretary BENTSEN. Oh, I told you—I have been telling you about that wall I built to ensure that I did not intervene and not live up to the dictates of Congress insofar as to how the Chairman of the Oversight Board acts.

Mr. JOHNSON. Thank you, sir.

The CHAIRMAN. The gentleman would have about 35 seconds to make up for the interruption of his time.

Mr. JOHNSON. Bless you, Mr. Chairman. I appreciate that. Thank you.

You mentioned a bright white line which defines proper behavior for officials in these situations and yet there isn't one out there yet, I guess.

Secretary BENTSEN. Right.

Mr. JOHNSON. Do you feel that those involved in this matter should have made or paid more attention to Treasury rules or RTC rules and rules defining conduct that already were defined in this instance? And can you see that they could have overstepped bounds of proper conduct even without the bright white line?

Secretary BENTSEN. I think there was a misunderstanding from time to time as to which set of rules were applying.

Mr. JOHNSON. Thank you, sir.

The CHAIRMAN. Mr. Bacchus.

Mr. BACCHUS OF FLORIDA. Thank you, Mr. Chairman. Mr. Secretary, thank you for your testimony and your patience and your indulgence.

Mr. Secretary, I came here to this hearing from a meeting. We are trying to pass a Trade bill that will create millions of jobs for America. I am going from here to work on health care reform legislation that we hope to pass for America. I have got to help Mr. Kennedy on the floor of the House so he can pass that banking reform legislation. My bill to help eliminate the credit crunch that you and the administration supported is part of that bill that will create jobs.

Over in the Senate today, I have got an interest, a very real interest in the VA bill, the money for the space station is in there that is so important to my constituents, money for a VA hospital that we have been working on for 12 years.

I know there are some conspiracy theorists out there that think that this hearing and all it is about is more important than any and all that, but I just don't and I don't think my constituents do either. I think they want me to be doing the job that they sent me up to here to, and my guess, Mr. Secretary, is that you have a few things to do too.

Now, my recollection, sir, is that you spent more than 50 years serving this country. You have done so with honor and courage and integrity and conviction throughout. I simply cannot imagine that you would throw any of that away, that you would in any way compromise any of that for the sake of something as petty and trivial as all of this, and so, sir, I have no questions for you. I take you at your word. Mr. Chairman, I yield back the remainder of my time.

The CHAIRMAN. The gentleman yields back the remainder of his time.

Secretary BENTSEN. Thank you.

The CHAIRMAN. Mr. Knollenberg.

Mr. JOHNSON. Mr. Chairman, Mr. Chairman.

The CHAIRMAN. Yes, Mr. Johnson.

Mr. JOHNSON. I would wonder if I could seek recognition for 30 seconds to clarify an issue that was discussed earlier with Mr. Kennedy and I?

The CHAIRMAN. Will you yield, Mr. Knollenberg?

Mr. KNOLLENBERG. I will yield.

The CHAIRMAN. And the gentleman had about 20 seconds left over that he yielded back, so the Chair will recognize the gentleman.

Mr. JOHNSON. Thank you, sir. I just want to add here that Mr. Fiske is looking into shredding. He has subpoenaed several employees of the Rose law firm regarding shredding. They have testified before the grand jury. They have publicly stated that they have shredded documents.

Mr. Fiske has gone so far as to tell the Rose law firm not to shred any more documents. With that, I yield back the balance of my time.

Thank you, sir.

The CHAIRMAN. Sure.

Mr. KNOLLENBERG. Mr. Chairman, thank you.

Mr. Secretary, welcome. You have stated I know in the Senate that there were no ethical violations and no legal excesses, but there were some troubling things, and I guess it is those troubling things that I want to talk about. For example, and this is not pointed at you, but I want you to respond and answer because it appears to be that you may have been compromised by some of those people that work for you.

For example, you testified before the House Appropriations Committee back on March 8 and you were asked by Congressman Livingston whether you knew about Mr. Altman's February 2 meeting with the White House staff, and you responded very simply by saying, I am going to the letter of the law to try to heed the counsel, the special counsel's advice. That comes right off the document that I have here.

And you went on to say that I am not going to answer those questions at this particular point. But as you also know, Mr. Fiske gave no such advice as his letter, which I have a copy of, would be happy to introduce from—to Congressman Livingston plainly shows.

There are some people who would call this response misleading or maybe even deceptive, but I would like to——

Secretary BENTSEN. Let me——

Mr. KNOLLENBERG. I want you to have the benefit of the doubt. Would you, because perhaps you were compromised and I want you to give, clarify your side of that statement.

Secretary BENTSEN. Sure, be delighted.

Mr. KNOLLENBERG. Thank you.

Secretary BENTSEN. If I can remember the sequence in time. I believe that is the morning—which one of the dates are we talking about?

Mr. KNOLLENBERG. March 8 was the date of the actual appearance before the Appropriations Committee.

Secretary BENTSEN. OK. I think I had just seen a copy of Mr. Fiske's letter, I believe, to the chairman of the Banking Committee in the Senate. I believe it was to Senator Riegle, and made obviously a very quick interpretation of it on the way to this hearing, as I recall, and I could be corrected on this, but, as I recall it, he was asking the Congress not to do an investigation at that time, that he felt it might interfere.

I interpreted that, which apparently I was wrong from what he said the next day or when he corrected it, I interpreted that to mean that in turn if they were not to make an investigation, that they were not to ask questions of me or anyone else in that regard.

That is what I interpreted it, and therefore to take a conservative interpretation of it to be sure I wasn't interfering, I said I would defer those answers, did not think they should be done at that point.

It was shortly thereafter he wrote a letter clarifying that to say that that did not mean that I should not answer questions. It seems somewhat in conflict to me, but that is what he said.

Mr. KNOLLENBERG. Let me just—

Secretary BENTSEN. Now, here I am answering.

Mr. KNOLLENBERG. I appreciate that and I want to go on to another question very quickly as the time rolls on. You have said, and I believe this, in your testimony today and previously that you place a very high premium on ethical conduct.

In fact, it has been widely reported that the first meeting you convened as Secretary of the Treasury, I believe you had Mr. Foreman spend 90 minutes or thereabouts on that particular item.

Secretary BENTSEN. That is correct. That is the first meeting the next day after I was sworn in that I called for a meeting of all of my top officials in Treasury and I had Dennis Foreman, who heads up Ethics, to come in—

Mr. KNOLLENBERG. I understand, Mr. Secretary, you did exactly—what I am going to say, weren't you somewhat disappointed though in the way that some of your employees put you into a compromising situation? For example, it has, I think, been bothersome to you that both Ms. Hanson and Mr. Altman have, in fact, compromised maybe your leadership or your role or put you into a position where you find yourself somewhat uncomfortable, because you have already responded by saying you would like to see some changes made.

Mr. Cutler wants to see some reforms made and, if there was nothing wrong, why are these reforms necessary, why are these changes necessary, and finally, why do we need to build some new legislative arrangement from prohibiting this thing happening in the future?

Secretary BENTSEN. Because I have stated, and I think the Office of Government Ethics has implied that there has been some misunderstanding, some misconceptions as to which set of rules applied in these particular circumstances, and therefore, that we should work together.

I would like to have the suggestions of this committee, and I have asked that of the Attorney General, and I have asked it of the inspector general, and I have asked that of the Office of Govern-

ment Ethics, to help us draw those lines so there would not be that confusion in the future.

The CHAIRMAN. The time of the gentleman has expired, and I don't know that you want the House to volunteer on ethics.

Mr. LaRocco.

Mr. LAROCCO. Thank you, Mr. Chairman.

Secretary BENTSEN. I heard someone say that I had volunteered to be here this morning, and I would say to you, Mr. Chairman, all you had to do is hint and I would be here.

Mr. LAROCCO. Good morning, Mr. Secretary, welcome to the Banking Committee.

As Treasury Secretary, can you please give me and the committee and the American people some assurances—because of all of the time that these hearings have taken—matters are moving along in your Department?

Secretary BENTSEN. Yes, I can. Let me tell you that we participated very much in what was done on the budget, and we are ahead of schedule on the cuts and the deficit there.

If I looked at the economic numbers and I tried to draw the economic numbers as to what I would want at this point insofar as inflation and the increase in jobs, the increase in GDP, I couldn't ask for better numbers than we are seeing at the present time.

I look at the participation that Treasury had in the Crime bill. We are a major participant in that with the law enforcement part to Treasury. We are working very hard now on GATT and urging its ratification. I have talked to a number of Members of the Congress concerning that one. I look at—we are participating in the health legislation trying to come up with numbers to try to make it work and to do a better job of it.

There are a whole list of things where we are involved. We worked very hard on NAFTA in trying to get that one done, so, yes, we are forging ahead.

Mr. LAROCCO. Thank you, Mr. Secretary.

I yield back the balance of my time.

The CHAIRMAN. The gentleman yields back the balance of his time.

Mr. Lazio.

Mr. LAZIO. Thank you, Mr. Chairman. Good morning, Mr. Secretary.

Secretary BENTSEN. Good morning.

Mr. LAZIO. It is still morning. I would like to read a letter that was sent from a fellow on Long Island who has been observing these hearings and it was entered into the record yesterday. It was addressed to Lloyd Cutler.

It says: Yesterday you invoked the memory, the name, and a quote from the Honorable Joseph M. Welsh, who has been referred to several times during these proceedings. I served Joe Welsh during the Army McCarthy hearings as a special military aid. I was with him every day before, during, and after those prolonged Senate hearings. Joe Welsh believed in total disclosure and wanted all the facts on the table for the American people to decide who was telling the truth regarding the charges and the countercharges involved.

You personally officially supported the disgraceful coverup involving some of the highest officials of our Nation, including the President and his spouse. Clinton is not Ike, Hillary is most assuredly not Mamie, and you, sir, are no Joe Welsh. Shame on you all. The best advice you can give your White House clients is to come clean. It is signed by James Franklin.

I mention that because in today's *New York Times* we have a copy of a graph which says, three officials, three versions, and I think that is troubling for this member certainly on this panel who expects to have truth when someone testifies before a committee so they can carry on his responsibilities, and I think the public demands that as well.

Building on that, I would like to talk about your rule that the—as a member of the Oversight Board that you would not get involved in case-specific referrals.

Secretary BENTSEN. Not into intervention in case specific, that is correct.

Mr. LAZIO. When was that done? Was that rule to the committee a write-in or did you ever pronounce that rule?

Secretary BENTSEN. I certainly did. I talked to Ed Knight. I set him up. He was my executive assistant, to have all written material run across his desk first to be sure that I didn't get involved. I talked to Mike Levy who represents us before the Congress, the Treasury, to be sure that no member tried to get me involved. You know, there is a—come on, you want me to answer?

Mr. LAZIO. Give me a timeframe, if you could. I just ask you to follow the timeframe.

Secretary BENTSEN. We do a lot of case work in the Congress, you fellows did it. I did it in trying to represent our constituents, but when I moved over into the executive branch and this responsibility as Chairman of the Oversight Board on RTC, I had this, and that is when I set up those kinds of things to see that I didn't get involved.

Mr. LAZIO. So in the first few months of your service as Secretary?

Secretary BENTSEN. The first few months?

Mr. LAZIO. Yes.

Secretary BENTSEN. No, it was done immediately.

Mr. LAZIO. Wonderful, OK. Let me ask you then about a reference, and I can give you a copy of it if you need it, a meeting that was called apparently by the President, as referred to by Deputy Secretary Altman, where you were invited to a Cabinet meeting together with Reich, Riley, and Babbitt. The subject is Whitewater.

Are you familiar with that?

Secretary BENTSEN. I am familiar with it now and, at that point, I had this kind of a situation: I saw on my schedule a White House meeting. I didn't know who called it. I didn't know who was in attendance, and that was not unusual. We had repeated meetings at the White House.

Just prior to my leaving my office to go there, I had a call from Christine Varney telling me not to come, and that she was coming right over, and she did, and she said it has been decided because

in your capacity as Chairman of the Oversight Committee that you should not be attending this meeting.

I was delighted. I had other work to do. And that was that.

Mr. LAZIO. So is it your testimony that you did not know that the subject was Whitewater at the time?

Secretary BENTSEN. That is correct.

Mr. LAZIO. That was not until Varney came over to tell you?

Secretary BENTSEN. It was not when Varney came over. I still was not informed it was Whitewater.

Mr. LAZIO. Can you explain how Roger Altman knew the subject was Whitewater in his diary?

Secretary BENTSEN. I don't know.

Mr. LAZIO. It seems it has become a cottage industry in the last few days to lie to one's diary, and I am just wondering if you can explain it.

[The letter from Ed Knight to Henry Gonzalez can be found in the appendix.]

Secretary BENTSEN. I have no diary.

Mr. LAZIO. Thank you very much.

I yield whatever time I have left to my friend from Minnesota. No overtime?

The CHAIRMAN. Gentleman yields back the balance of his time? Mr. Barrett.

Mr. BARRETT. Thank you, Mr. Chairman.

Secretary Bentsen, it is a pleasure to have you here today. I would say that probably your success in politics is reflective of your skill and from what we have learned in the last couple of weeks, also because you have never kept a diary.

If there is anything I have learned from this hearing, it is don't keep a diary.

Secretary BENTSEN. There are times I wished I had it and times I am glad I didn't.

Mr. BARRETT. Like others before me, I have a few questions to ask you. I think that your involvement here has not been significant, is my impression.

Reflecting on what Mr. Orton said about the nature of the difference between the two hearings, I think there is a fundamental difference between the Senate hearings and the House hearings today, and I think many of the Senators feel as if they have a score to settle with Mr. Altman because they feel that he may not have told them the truth. That dynamic is not reflected in this committee.

I also think that the sheer numbers of this committee make it more circus-like in atmosphere. Having 51 members, each of whom wants to get their two cents in, makes it far more difficult to handle this hearing.

What goes through my mind over and over again is I see here in many ways what I view as a political battle and in my mind the true test as to how people felt about cases brought under the Resolution Trust Corporation was the vote that was taken in this committee on the statute of limitations when we first had that bill before this House.

That, to me, was where the rubber met the road. That, to me, was where the members of this committee showed how they felt as

to how the government should treat retroactively and prospectively claims under the RTC.

The reason I say that is, as you are probably aware, that Madison Guaranty went out of business February 28, 1989. The 3-year statute of limitations ran out on February 28, 1992. That was obviously before President Clinton was elected President, 11 months before he was sworn in.

So the entire period up through December 1993, there was no potential civil liability at all for President and Mrs. Clinton, not that there is any now; but there was not even the legal ability to bring charges against them.

So in that atmosphere, when it was not politically charged, when the potential defendants were not a Democratic President of the United States and his wife, 14 out of 19 Republican members of this committee did not want to extend the statute of limitations. They did not want to extend it retroactively or prospectively.

But as soon as it became a politically charged atmosphere, the most dangerous place to stand was between a politician and a TV camera because that was an opportunity for people to show that they really were going to do everything they could in their power to make sure that there was no injustice done.

But when there were no TV cameras, when there were no reporters, very few members of this committee on the side that now wants to be the prosecutors were willing to simply cast the little publicized vote to do what I felt was good public policy and that was to try to recover as much as we could for the Resolution Trust Corporation.

That atmosphere is far from us now because the cameras and reporters are here. I think that was the acid test. That was where the rubber met the road. And I think that is how we should be judged on this committee because I think we should also be judged—not only should you be judged, not only should White House officials be judged, but I think the members of this committee should be judged as well.

I yield back the balance of my time.

Secretary BENTSEN. Let me comment, if I may, because I faced that one in the Senate. I had some concern about the degree of negligence. I felt it had to be gross negligence or there had to be fraud.

I was concerned about it in the little towns, rural communities, if you put the degree of negligence so low that you are going to have a tough time getting people to serve on those boards. I voted for the extension of the statute of limitations, but I did understand that concern.

Mr. BARRETT. Thank you.

The CHAIRMAN. Ms. Pryce.

Ms. PRYCE. Thank you, Mr. Chairman.

Welcome, Mr. Secretary. Yesterday, under questioning by Mr. King, Ms. Hanson was asked directly—and you may have missed this because you were over at the Senate—but she was asked directly under oath if she felt that she had been “hung out to dry” and her answer was—and I am paraphrasing—was that knowing the position that Mr. Altman was in and taking into account the circumstances, she can understand why Mr. Altman is doing what he is doing, but that she would not return the favor.

Now, since you have had the OGE investigation done and you have certainly been in the thick of this all along, I am wondering if you yourself have delved into the disparity between the Hanson and the Altman testimony, both here and before the Senate, and how you feel about it.

Secretary BENTSEN. Well, I have addressed that question a number of times now, but I would——

Ms. PRYCE. In light of her statement yesterday, I would like you to comment on it.

Secretary BENTSEN. These are two very busy people, very much involved. You are looking at a situation taking place 5 and 10 months ago. You are also looking at a situation where to comply with the special counsel's directions, and in turn, with what we felt was necessary with the Office of Government Ethics, that there not be the looking at files outside of their own, and that there could be those differences of recollection, and I accept that.

Ms. PRYCE. You explain it away just as a difference in recollection. You don't see that there is any possibility of any untruth and you don't intend to resolve it any further than the extent you have just related to us?

Secretary BENTSEN. What you have had is an incredible amount of research. You have had the Office of Government Ethics, which I called for——

Ms. PRYCE. I understand.

Secretary BENTSEN. And you have had the IG. You have had Fiske and they find no criminal violation. They find no violation of the standards of ethics, and I accept that.

Ms. PRYCE. Thank you.

Let me ask you this then: Do you understand the logical connection between Ms. Hanson's intricate involvement with virtually all of the communications with the White House regarding the RTC referrals—she is the one who relayed the information to the White House in the first place. She was in attendance at all the meetings. She certainly didn't take this all upon herself to do.

Mr. Altman says that he doesn't really remember why and how she became involved. Did you direct her to become involved, sir?

Secretary BENTSEN. No, I certainly didn't.

You mean with White House meetings?

Ms. PRYCE. Yes.

Secretary BENTSEN. Certainly not.

Ms. PRYCE. Were you aware of it at the time?

Secretary BENTSEN. I was not.

Ms. PRYCE. Do you believe that Mr. Altman directed her to? Did she take orders from anyone else?

Secretary BENTSEN. That is for them to state. I was not involved in that. I did not have that knowledge and I have said time and time again that I made certain that I was not brought into case-specific situations because I was precluded from that by order of the Congress.

Ms. PRYCE. I understand that, but yesterday there was a little doubt what the chain of command at Treasury was and Mr. Altman stated that it was one way and Ms. Hanson that it was another, and you apparently have cleared that up for us today. But since

Mr. Altman does not remember giving her this authority, I just wondered if you knew how she may have come by it otherwise.

Secretary BENTSEN. No, I do not.

Ms. PRYCE. Thank you.

I yield back the balance of my time.

The CHAIRMAN. Mr. Gutierrez.

Mr. GUTIERREZ. Thank you, Mr. Chairman, and thank you, Mr. Secretary.

I know you have devoted a great deal of time, as those of us on this committee have, to examining the issue and situations surrounding Whitewater. We can never debate too much or search too much for the truth and this committee cannot spend too much time asking the officials involved in this situation legitimate questions about their actions.

I have continued to state throughout this hearing we must assure that any relevant facts concerning Whitewater are brought to light. I believe that is why Democrats on this committee have consistently supported the reauthorization of the Special Counsel Act, something that we cannot say about members on the other side of the aisle.

That is why most Democrats on this committee—and it was on this side—consistently supported extending the RTC statute of limitations, including for Madison Guaranty, and I believe that is why Democrats have repeatedly asked for fairness in questioning of witnesses. I don't believe we have consistently seen that fairness during the last few days.

Let me read you a quote: "I must say that I have been to a lot of hearings, but I have never heard so many unsubstantiated charges thrown around. Even before the witnesses have had a chance to give their testimony, the administration is being mugged here today. This smacks of kangaroo court. The Court of Star Chamber is in session."

This quote isn't from a partisan Democrat on this side of the aisle trying to protect President Clinton. It is from my colleague, Mr. Roth, spoken at the time of the BNL hearings. Deja vu all over again.

It is a quote about fairness I believe, and I believe the quote is appropriate today because we should have simple goals, finding the truth and finding it in a fair way. I believe the truth is coming out and the truth has been confirmed by Mr. Fiske and by the independent Office of Government Ethics.

This is not a scandal of broken laws or questionable ethics. It is not the conclusion of Josef Luis Gutierrez or Chairman Gonzalez or Riegle. It is the conclusion of a tough, nonpartisan investigator.

Unfortunately, I believe we are learning that Whitewater has involved some examples of some very poor judgment and decisions, and it is in correcting these poor decisions and judgment that I would like to turn my questions for Secretary Bentsen.

Mr. Secretary, during Mr. Altman's testimony yesterday, much was made of the possibility of erecting a legislative firewall between the RTC and the White House or RTC and Treasury.

Could you expand with your opinion on this proposal and how you think it could best be achieved?

Secretary BENTSEN. Let's get to one, the question of criminal referrals from the RTC. I think that has to be more clearly defined as to how it can or should not be done to the White House. There are cases of nonpublic information in criminal referrals where I think the White House should have knowledge and obviously there are cases where they shouldn't.

There is not a clear line on that one and I think that is something that should be done, has to be done. I have problems insofar as this was complicated because of our difficulty in getting anyone to accept the job of chairing the RTC. So you had Roger Altman wearing two hats.

At one point, he would be in a position where the rules and regulations of the RTC would apply. At another point, he would be where the rules and regulations of Treasury, and they did not necessarily coincide. And you had that happen to Jean Hanson.

We have to draw clearer lines on that. We have to look at the Vacancy Act and see this doesn't happen in the future, not just to Treasury, but other agencies of the government. That is where I think, hopefully, we can do a better job of it, and I assume responsibility as Secretary of the Treasury.

Mr. GUTIERREZ. Thank you very much.

I return the balance of my time, Mr. Chairman.

Thank you very much, Mr. Secretary.

The CHAIRMAN. Thank you, Mr. Gutierrez.

Mr. Linder.

Mr. LINDER. Thank you, Mr. Chairman. Welcome, Mr. Secretary.

You have seen the copy of the memo from Jean Hanson dated September 30 in which she said, "I have spoken with the Secretary," and you have said you have not seen that memo.

Secretary BENTSEN. I had not seen that until I think either the inspector general with their inquiries or the attorneys representing the Senate committee—

Mr. LINDER. Why did Ms. Hanson say that she had spoken with the Secretary about that if she had not spoken with you?

Secretary BENTSEN. As I looked at it, it certainly did not say anything about meetings with the White House.

Mr. LINDER. She said under testimony that that memo referenced the meetings.

Secretary BENTSEN. It doesn't say that and I don't agree with that. I was never told that.

Mr. LINDER. We have a draft Q&A for March 7 for you in which the question anticipated was when did you find out about the meetings, and the answer was, when I heard about them in the media.

Jean Hanson wrote in her handwriting: "Incorrect. I know he learned about the two fall meetings prior to learning about them in the media."

Why would she say something like that?

Secretary BENTSEN. She is wrong in that statement. I also know that she, in turn, had prepared for herself a series of questions and answers prior to that that said she did not inform me and that was found in her safe during the investigation. So she changed her mind after that.

Mr. LINDER. You released a statement on March 3 that said that you did not attend the meetings nor was I informed of any, but a

draft of a statement on your behalf said "I only learned of the meetings yesterday," which would have coincided with what Ms. Hanson told us, that she briefed you on the day before that about the expected news stories.

Is that incorrect?

Secretary BENTSEN. Tell me that again.

Mr. LINDER. A draft statement for you for March 3 said "I only learned of the meetings yesterday," and that would coincide with what Ms. Hanson said; that she briefed you the day before the news story.

Secretary BENTSEN. No.

As I recall, I learned about these additional meetings when I read it in the newspaper, I believe on March 3, if we are talking about the same thing.

Mr. LINDER. Ms. Hanson says she briefed you the day before to tell you to expect a story.

Secretary BENTSEN. No.

Let me say this—when you get these briefings, it is 150 pages of it. I testified that I had received in the same period of time that we have under consideration over 2,400 memos.

Now, when they try to set up briefings or questions and answers, some of those are done with no consultation with me.

Mr. LINDER. I understand.

Secretary BENTSEN. And, frankly, I don't fly-speck those briefings when I look at 150 pages. Neither do you fellows, I imagine.

Mr. LINDER. It appears that Steiner, Altman, Hanson, and others at the Treasury knew about the two fall meetings between the White House and Treasury and that you were the only one at Treasury that didn't know about them.

Is that realistic to expect?

Secretary BENTSEN. I don't know about anyone in Treasury. I know I didn't know about them.

As I said, I had made a point of setting up a firewall to be sure that I did not get into case matters of the RTC and it was working.

Mr. LINDER. I have seen a memo by Jean Lewis, an investigator in Kansas City at RTC, in which she says Richard Iorio stated—he is another RTC investigator—that the system, as we know it, was totally broken down.

He went on to note that he believed that would stay in line with whatever Justice, that is Hubbell, wants due to the fact that the \$1 million bill to Fiske's firm for defending Clifford and the BCCI scandal is still outstanding, and if he wants it paid, he will have to play the game.

My question to you is, has Mr. Fiske been paid yet?

Secretary BENTSEN. I have no idea. I have no knowledge—

Mr. LINDER. It is in the FDIC. Would you get that information for us, to find out if Mr. Fiske's \$1 million bill outstanding has been paid?

The CHAIRMAN. The Chair will state that that is a request out of order made at the improper time to the improper official. That is a question that the gentleman can ask elsewhere, but not here in this proceeding.

Secretary BENTSEN. Thank you, Mr. Chairman.

The CHAIRMAN. The time of the gentleman has expired.

Ms. Furse.

Ms. FURSE. Good morning, Mr. Secretary.

I have been amazed at the patience and the fairness of Chairman Gonzalez throughout these hearings. I have to tell you, I could not have been so judicial.

Mr. Secretary, it is my understanding that the only purpose of this hearing is to find out if there have been illegal or unethical actions and that the limitations on this hearing were agreed upon by the U.S. House of Representatives.

I have listened, Mr. Secretary, to hours of unsubstantiated charges, questions that were not on point, answers that were not listened to, and a constant denial that the problems of the S&L's began under a Republican administration.

Secretary Bentsen, we have spent thousands of dollars and many, many hours when we might have been working on health care, housing, or the needs of children. However, I believe that it is important that we did this hearing.

We need to restore the trust in government that has been damaged over many years of misconduct in all sorts of places.

I want to make a statement, Mr. Bentsen. I have enormous respect for you and your public service, but more important than that, the American people have that respect. They know that you have performed public service at the highest level and you have done it for decades.

Now, I am a freshman and I suppose it is understandable that it is heady for some new Members to question someone of your status. I will not do that, Mr. Secretary, because on my part, I want to thank you for appearing before us, and, of course, you appeared voluntarily, and for your excellent statement.

I also want to reiterate that after sitting through hours, I have heard some evidence of poor judgment, some inconsistencies, but no evidence of ethical or illegal conduct on the matters before us, and, Mr. Secretary, I want to repeat that your presence underscores this to me.

Thank you for appearing before us.

I return the balance of my time.

Secretary BENTSEN. Thank you very much for your comments.

Let me make a point about public service. I don't know anyplace that you can touch more lives and hopefully do something to make a difference and to better it. I get worried, too, about what happens insofar as image and the problem you run into.

I think the Congress in the vast majority is made up of honest, capable people trying to do their job. Yet, aberrations and things happen; somebody does something wrong. That is what makes news.

The problem you have is the constant repetition of aberrations finally gets to a point it becomes a generalization. That is the problem we run into. But I think it is a great institution and it has worked for over 200 years and I look at these other governments around the world and the openness of ours—it has worked. It has survived and I think it is a great example to the rest of governments around the world.

Ms. FURSE. Thank you, Mr. Secretary.

The CHAIRMAN. Thank you, Mr. Secretary, and thank you Ms. Furse, for your very generous remarks.

Mr. Grams.

Mr. GRAMS. Thank you, Mr. Chairman.

Mr. Secretary, thank you for your testimony today.

I wanted to bring up again the question of three firms and three conflicts of reports of memory or lack of memory. I want to specifically talk about the testimony I received from Ms. Hanson last night and one meeting on February 1, 1994.

Ms. Hanson testified last night that a meeting was held involving you, Ms. Hanson, and Mr. Altman on February 1 in which Mr. Altman told you that he intended to recuse himself from the RTC.

Do you remember that meeting?

Secretary BENTSEN. I remember the meeting, but I don't remember him saying that. As I recall that, he was trying to make up his mind and amongst statements asked for my counsel on that, and I told him that had to be his decision, that he knew the facts. I sure didn't know the facts.

And there was another point I had in mind. I didn't want to do anything that looked like I was, in effect, exercising an intervention in a specific case.

Mr. GRAMS. You asked a question that if he did decide to step down, who would be the decisionmakers at the RTC?

Secretary BENTSEN. No. I was talking about his recusal.

Mr. GRAMS. But if he decided to recuse, who would take his place, I think, is what your question was? Who would then be making the decisions at the RTC?

Secretary BENTSEN. No, I didn't ask that.

Mr. GRAMS. You inquired about Ellen Kulka and Mr. Ryan, what their positions would be?

Secretary BENTSEN. No.

Mr. GRAMS. Is it your testimony then that after February 2, Mr. Altman told you that he had decided against recusing himself and that he did believe that it would make them happy? Did he tell you he had decided that he wasn't going to recuse himself?

Secretary BENTSEN. Yes, subsequent to that.

Mr. GRAMS. Did he say he thought it would make them happy, meaning the White House?

Secretary BENTSEN. I heard that one, but I don't recall that.

Mr. GRAMS. It seems that there was a general feeling that the White House wanted to keep him happy, RTC, and that pressure was applied through Mr. Steiner's diaries, recollection and others, and the feeling is that the White House wanted him there in order to provide information about what was going on?

Secretary BENTSEN. I don't know that. I did get subsequent thereto at some point, whether it was in the newspapers or otherwise, that they had wanted him to stay in the position.

Mr. GRAMS. Why?

Secretary BENTSEN. I don't know that.

Mr. GRAMS. No general feeling that it was better for the White House to have a friend inside the RTC than someone they didn't know, for whatever reason?

Secretary BENTSEN. I am not going to try to judge that.

Mr. GRAMS. I yield the balance of my time to Mr. Bachus.

Mr. BACHUS OF ALABAMA. Mr. Secretary, thanks for being here.

You and I share concerns from this procedure. You stated on page 5 that there is a legitimate need to discuss matters in the proper forum with the proper individuals and that agencies have to communicate. There has to be communication between them and the White House.

Secretary BENTSEN. In some instances, yes.

Mr. BACHUS OF ALABAMA. I appreciate that, with legal restrictions.

Knowing that, what happened here? I would think that the problem is not so much what was done, but that it was not disclosed.

Let me tell you what I mean when I say that. The country and this Congress has heard different stories about how many meetings, whether there was 1 or 40. I think that is part of the problem, that there are proper times for proper meetings, but you have to go through the channels, number one; in fact, the meeting may have been improper only because the proper channels weren't taken or once there was a meeting, if they had disclosed that mainly because there is a requirement that when you come before Congress, that you fully answer the questions, and I think that has caused a lot of suspicion here in this body in trying to sort out what happened and who was there and when they heard.

As you say, you are very busy in your job, and much of what you said today, I can fully accept. What is hard to accept is when someone writes something in a diary with no reason to lie to your own diary and then says that is inaccurate or when Ms. Hanson and Mr. Altman have seen things so differently, I think that becomes a problem.

I think that disclosure has been a problem here, not that you haven't disclosed, but that at times, they have not disclosed to you or to this Congress.

My time is running out on those points, but I want to pursue that further. I did want to make that statement and I think that as a result of these hearings, public agents, the White House is going to have to continue to communicate with the agencies and the agencies with each other.

Secretary BENTSEN. Within certain limitations.

The CHAIRMAN. The time of the gentleman has expired.

Ms. Roybal-Allard.

Ms. ROYBAL-ALLARD. Thank you, Mr. Chairman and thank you, Mr. Secretary, for being here.

Much has been made about the fact that staff from the White House, the Treasury, and the RTC involved in the Whitewater issue do not remember every detail with regard to meetings and conversations. I would contend that perhaps it would truly be suspicious if, in fact, everyone remembered everything in the same way because, as you well know, even under the best controlled research projects testing human memory, no one remembers everything in the same way.

My question has to do with putting things in perspective in terms of what was happening at the time that these issues were ongoing with regard to Whitewater.

Mr. Secretary, you lead and manage one of the largest agencies in the Federal Government. Could you help us get a perspective of

the contacts between you and the White House and can you describe some of the issues that you and your staff were working on during this period from approximately September 1993 to March 1994?

Secretary BENTSEN. Yes.

Let me give you some idea of the number of meetings, and let me say that top officials in Treasury are at the White House just repeatedly, sometimes several times a day. I had them go back and check and see how many times I had been at the White House.

I had 130 meetings at the White House during this period of time. I had 51 meetings with Members of Congress, 32 meetings on Capitol Hill, 11 appearances before Congress. I had 2,400 memos, as I recall, approximately sent to me.

You are quite right. I don't have total recall. I have a list of subjects that were discussed in all those briefing materials I received, but they are over there repeatedly. I at one time said that is the meeting crowd I have ever seen.

Ms. ROYBAL-ALLARD. Given the fact that you had gone to the White House, you said, for approximately 130 meetings, did you have any conversations directly with the President about the criminal referrals?

Secretary BENTSEN. Absolutely not.

Ms. ROYBAL-ALLARD. Could you elaborate as to why not?

Secretary BENTSEN. First, I didn't know about the criminal referrals. I read about them ultimately in the newspapers, as I recall. We had no exchange on that with the President.

Ms. ROYBAL-ALLARD. Did the First Lady or the President at any time try to raise this issue with you.

Secretary BENTSEN. Not with me or with anyone else that I know of.

Ms. ROYBAL-ALLARD. So it was not a priority at this time, or of major concern?

Secretary BENTSEN. I didn't even know about it until I read about it in the newspaper.

Ms. ROYBAL-ALLARD. Thank you.

The CHAIRMAN. The gentlelady yields back the balance of her time.

Mr. Bachus.

Mr. BACHUS OF ALABAMA. Mr. Secretary, you have basically two hats you wear—you are Secretary of the Treasury and you have full responsibility, as such, for the Treasury employees.

Secretary BENTSEN. Yes; all 165,000.

Mr. BACHUS OF ALABAMA. Sort of the buck stops with you—I am not saying for activities you don't know about, but you are like Harry Truman was when he was President. I think the buck stops with you as Secretary of Treasury; would you agree?

Secretary BENTSEN. That is right.

Mr. BACHUS OF ALABAMA. Second, you are Chairman of the Oversight Board. In that regard, you have a policy of not having anything to do with day-to-day operations?

Secretary BENTSEN. That is right.

Mr. BACHUS OF ALABAMA. Day-to-day operations, not individual cases.

Secretary BENTSEN. That is correct.

Mr. BACHUS OF ALABAMA. Your responsibilities are for overall. It is for review, a review role.

Secretary BENTSEN. Yes. Now they could come up and tell me about a specific case, I could not intervene into that case.

Mr. BACHUS OF ALABAMA. I agree with that. I think that is some of the confusion here.

Let me ask you this—clarify this with me. As Secretary of Treasury, you don't have the right to get involved in some of the day-to-day operations?

Secretary BENTSEN. That is right.

Mr. BACHUS OF ALABAMA. You have an overall responsibility?

Secretary BENTSEN. That is correct.

Mr. BACHUS OF ALABAMA. But that is true of your employees, too, that aren't at RTC; is that not correct?

Secretary BENTSEN. That is right. That is correct.

Mr. BACHUS OF ALABAMA. And I think that that is where the train may have gotten off the track.

Secretary BENTSEN. Yes.

Mr. BACHUS OF ALABAMA. I think Jean Hanson—

Secretary BENTSEN. She ended up wearing two hats, and that is because we didn't have someone over there in that position. We had the same kinds of problem. Roger Altman had that kind of problem because we didn't have anyone to head it up and under the Vacancy Act, it had to be someone who was a Presidential appointee and confirmed and there were only two of us. It had to be me or it had to be Altman, and he drew the black bean.

Mr. BACHUS OF ALABAMA. They had the same—you erected a firewall and it worked in your case. They didn't erect a firewall. And I think you have said that your staff knew from the beginning of your tenure at Treasury what the role of the RTC was as an independent agency?

Secretary BENTSEN. Yes.

Mr. BACHUS OF ALABAMA. I am not saying that they didn't honestly make these mistakes, but they strayed over there and I think Jean Hanson—I am saying this to you as the Secretary of Treasury; you are before us—I think and I keep coming back to the theme, I think that part of the problem here is that they have not been forthright and fully disclosed the facts, not to you, and not to us, and I want to illustrate that in two ways.

One, I asked the panel yesterday from Treasury, I said, do you agree or disagree with this statement and I read Bernie Nussbaum's statement that contacts with the agencies by the White House concerning pending investigative matters had to be cleared through the counsel's office.

We recognize that such contacts were potentially sensitive and that as a general proposition they should not occur. However, there is no flat prohibition, but that they are very sensitive, these contacts back and forth, and they have to be cleared by the counsel's office.

I asked all four panel members yesterday if they agreed and they are supposed to fully give me their answer as a Member of Congress. And I want you to know that Jean Hanson wanted to know who made that statement? She wasn't going to answer as to wheth-

er she agreed or disagreed with that until she found out whose statement that was.

Mr. Steiner—the other two were forthcoming; they said they agreed with that. He said he didn't have any opinion on whether that was right or not. I said, "No independent opinion?"

He said, "I have no independent opinion."

Secretary BENTSEN. Who is speaking?

Mr. BACHUS OF ALABAMA. Joshua Steiner. He said he had no opinion on whether that was right or wrong. He would have to consult the ethics officer. He is your chief of staff and he ought to have an opinion on contacts between the agencies. He ought to have an opinion.

Do you agree with that?

The CHAIRMAN. The Chair will again ask the gentleman to refrain from that line of questioning because, in the first place, it is the chairman's impression that the gentleman isn't quoting Mr. Steiner correctly in his reply to your question yesterday about some statement that you read that you later explained was prepared by Nussbaum.

So I think it is improper and, in fact, clearly out of the germaneness of the hearing in connection with the Secretary's testimony.

Mr. BACHUS OF ALABAMA. Mr. Chairman, in response, I would say that we are here to talk about whether contacts between the Treasury and other agencies and the White House were ethical or not and in doing so, I don't think there is anything more pertinent to this hearing than an understanding of the Chief of Staff at Treasury as to what he thought was proper and not proper ethically, and I'll also—I would dispute your recall and, of course, you have the right to dispute mine—I read that statement to him. I asked him what he thought the ethics of the matter were, and he said he had no individual opinion.

The CHAIRMAN. The gentleman—I know what he is driving at, whether or not the gentleman interprets this or not. That is something that this witness was not privy to and to ask him a hypothetical question as to whether or not he thinks a witness he didn't hear responded properly or not, I think, is out of order.

Mr. BACHUS OF ALABAMA. Let me say this: I think it was a proper question and my question, Mr. Chairman, was should the Chief of Staff at Treasury have an independent judgment on the ethics of contact between the agencies and whether there should be a general prohibition with certain exceptions, and I think it is very disturbing, and I wanted to know whether the Secretary of Treasury, what his view was, whether he thinks the Chief of Staff ought to have a working knowledge of the ethics of those contacts or whether, as Mr. Steiner said, he had no judgment whatsoever, no individual opinion on whether—

The CHAIRMAN. The gentleman is—now I will correct the gentleman.

Mr. Steiner reported that he was not prepared to answer yes or no as to the reading of the statement you gave him, but that he deferred to the proper officials in Ethics on any ethical question.

That was his response.

Mr. BACHUS OF ALABAMA. He said he had no opinion of his own—

Mr. WATT. Regular order, Mr. Chairman.

Secretary BENTSEN. Mr. Chairman, could I have a 5-minute break?

The CHAIRMAN. Yes, certainly.

The gentleman is recognized.

Secretary BENTSEN. Thank you very much.

[Recess.]

The CHAIRMAN. The committee will resume.

Mr. FRANK. Mr. Chairman.

The CHAIRMAN. The gentleman from Massachusetts.

Mr. FRANK. I ask unanimous consent to proceed for 1 minute.

The CHAIRMAN. Hearing no objection, the gentleman is recognized.

Mr. FRANK. I want to note and to apologize to some—several members were not here on both sides, Mr. Bereuter, Mr. McCollum, Mr. Neal, myself, Mr. Kennedy—and the reason is that while we are conducting these hearings, several of us were on the floor at the delegation of the chairman and the ranking minority member getting two bills passed that are of great importance to the banking system, bills that the Treasury worked on, bills that we passed after consultation with them, and I just wanted to cite that because there is the sense that because we are having disagreements here, somehow that means paralysis has set in.

I think it is relevant to note that while we were, in fact, disagreeing to some extent over the subject matter of these hearings, we proceeded with the conference report on two important bills: Interstate Banking and the Community Development Finance bills.

We worked on a lot of serious issues and one is passed and the other is about to pass on the floor, so it is worth bringing to peoples' attention that we are capable of disagreeing over some issues and at the same time proceeding with doing very important business with the Treasury in a bipartisan way.

I yield to the gentleman from Ohio.

Mr. LEACH. I would only like to echo what the gentleman just said. Let me stress that it has been the role of the minority on raising certain oversight issues to make it very clear that there will be no bill that has anything to do with this committee that will be sidetracked because of any consideration of this particular issue.

On these two monumental bills there are differences that have been meted out in very different ways with a great deal of comity. Differences of philosophy have been respectfully conjoined together, resulting in important legislation.

Mrs. ROUKEMA. I concur and make the point that I took the opportunity in my floor statement today to point that out for my colleagues, that this was bipartisan.

Mr. FRANK. I point out that if it were not for the ability of the chairman to keep this functioning well, obviously these two important bills would not have gone where they did, so I think the chairman's role should be acknowledged.

The CHAIRMAN. I thank the gentleman and I think the record should show, I take advantage of this opportunity that in view of the fact that we would have this hearing and we found out about it the day before yesterday for sure, and that we also had obtained a rule just yesterday from the Rules Committee on both of these

very fundamental Banking bills. The leadership then decided and I was informed late yesterday that the leadership would probably have these bills up either first or second on the agenda this morning.

I then asked and requested on my side that Mr. Neal, in whose name the Interstate Banking bill is named, to please handle and manage the legislation on the conferences on the House floor.

I also want to express my profound thanks to Mr. Leach and the members on his side for their tremendous cooperation. We got these bills on a consensus on a bipartisan basis and it has been a long course.

Also, this committee has produced the most comprehensive legislation from the International Banking bill to everything else in this session and beginning with the last session of this Congress.

I have always said that I sought, and I have only held legislative representative positions, because I have long said that when I discovered by serving on the city council that there is such a thing as what I call legislative advocacy and that when our country reached the maturity of some older nations that have had 1,000 years of experience in government, such as the mother country England, that that would be recognized. Eventually, it will.

But in the meanwhile, I found out the hard way that through attribute and unwittingly preparation and background and experience, this legislative advocacy fascinated me and engrossed me. And I have been privileged to serve on every level from the local legislative level to the State and now on the national level for 32½ years and I looked upon it as an opportunity to do that, to legislate, and that is all I have tried to do.

I didn't come here to ambition or jockey or politic. The politics is back home and I think that the committee, numerous as it is now, 51 members, and I will observe that the Secretary said that just this year, he had met with 51 Members of the Congress, and I would say since I haven't been one of those, that I am sure 50 of those were the members of this committee.

I really appreciate the inventory of achievement, so to speak, that the Secretary has brought us for the record and only state that on our side and despite whatever distractions, some might think would consume our time, the committee has legislated, we have had great members on both sides.

I am very grateful to the membership. I think the record ought to show that our record of production in the 103rd Congress is inordinately good and I think the new members that are almost 50 percent of this committee, in fact, they are 50 percent of the majority, with new freshmen members, that have worked in a way that I have nothing but admiration and from which I have derived great inspiration. So I thank my colleagues at this time.

Secretary BENTSEN. If I might comment, as a Secretary of the Treasury that was very much interested in this legislation, I think it is a great achievement on the part of your leadership and this committee and the bipartisan work that took place in putting this legislation together. I congratulate you for it.

Mr. Chairman, before I start—as I start, I would like to make a couple of points to be sure that it is understood. Roger Altman, as head of the RTC, had the right to bring people from Treasury

over to assist in that regard, actually could have reached into other departments even for that, but obviously it was more appropriate to take them from Treasury to serve in that capacity.

Let me further make a point I want to be sure was clarified, that when Josh Steiner came in and said something to me about Madison Guaranty, that I asked where it was and what it was, and he immediately stopped—he did not advise me as to any meetings at the White House or the rest of it.

I think he was embarrassed because he didn't know the answer to where Madison Guaranty was. So that was the end of that one.

The CHAIRMAN. Thank you. I believe at the time we recessed Ms. Velazquez was to be recognized.

Ms. VELAZQUEZ. Thank you, Mr. Chairman.

Mr. Secretary, thank you for coming here today and openly and directly answering our questions. My only questions to you are, what lessons have you learned from these hearings and what steps can RTC and Treasury take to minimize future allegations of wrongdoing, conflicts of interest, or appearance of impropriety?

Secretary BENTSEN. I think that is an appropriate question; what have we learned by it? I think that, particularly from the Office of Government Ethics, in pointing out some of the troubling areas to them, that I share that, and it means that we have to have a better definition of the responsibilities of the two, the Resolution Trust and Treasury, and clearer lines as to which set of regulations are applying to a person when they are serving in these positions.

Ms. VELAZQUEZ. Thank you.

I yield back the balance of my time.

The CHAIRMAN. The gentlelady yields back the balance of her time.

Mr. Castle.

Mr. CASTLE. Thank you, Mr. Chairman. Mr. Secretary, I too apologize for not being here during most of this hearing. We heard you would be here 24 hours ago, and I had already committed to being on the floor and testifying before a committee.

Based on what I think the President said, I thought he said in his news conference last night that it would be up to you, in effect, to ensure good management among employees of the Treasury Department, and properly so, showing good faith in all that you are doing.

Do you think, based on what you have heard and seen so far, that any of the employees with you should resign or should otherwise be employed as a result of the facts that have come out in this?

Secretary BENTSEN. I support these employees. I think they are people of integrity and ability, and effective, and I expect them, particularly with the admonitions and things that happened during this, to do a good job.

Mr. CASTLE. In retrospect, has Mr. Altman or anybody in Treasury who has already been confirmed, as he was, ever served as the head of RTC at the same time they were serving at Treasury; or should there be a division there for future reference?

Secretary BENTSEN. I hope we never have that kind of a situation again. I would like to see some further things done with the

Vacancy Act to be sure that that doesn't happen and we don't put people in that difficult position.

Mr. CASTLE. I am glad you feel that way because I think that is self-evident.

One other question that I also asked people before, that concerns me a great deal, trying to figure out the ethics of this, you are Chairman of the Oversight Board of the RTC; and I understand from previous witnesses here that there have been numerous criminal referrals or just mention of people from RTC to Justice, over some period of time, perhaps in the numbers of thousands, which you may or may not know.

Secretary BENTSEN. I have no idea.

Mr. CASTLE. Among those, the only one in which I have heard that the party to it—if not directly, indirectly through the White House—has been alerted has been the President and the First Lady. Generally speaking, when these mentions are made—and let me state that I am not trying to suggest that anybody said anything wrong at the Presidential level; they probably have not, but mention was made—and they hear from Treasury, from RTC or Justice Department officials or anybody else. But in this instance, as you may have read in the papers, if you don't know yourself, there have been 40 contacts among various people at Treasury and—particularly Treasury and the White House discussing the referrals when it involved the President. The ethics laws seem to be pretty clear on this subject. Department of Treasury laws state under the rules of conduct, an employee should avoid any action which might result in or create the appearance of giving preferential treatment to any person. The last questions discuss “the appearance of.”

I have a real problem with any discussion between Treasury and the White House with respect to the mention in a criminal referral of the President and the First Lady. I know of no exclusions in any of the ethics laws which I have seen or legal interpretations thereunder. I am not suggesting whether or not they should be. That would be retroactive.

But would you state your views on that as best you can with respect to the fact that, indeed, it would at least give the appearance of preferential treatment, I would think, by almost anyone's standards.

Secretary BENTSEN. On your comment about some 40 contacts between the White House and Treasury, with regard to the issue, I am told that the Office of Government Ethics felt that some 30 of them were of no consequence of any kind, and they referred 10 of them, I believe, to the IG to do further investigation of.

Now let me further state that when you see criminal referrals by the RTC, I know under some circumstances that should be made available to the White House, that they ought to know that, that it should not be for any preferential treatment, but there are certain responsibilities that the White House has that that information is important, and it is important for the public good to have it.

Mr. CASTLE. If that is the case, why don't the ethics codes of Treasury, White House, RTC say that? It says that you should not create the appearance of giving preferential treatment to any per-

son without an exception for the White House, whatever the reasons may be, some of which I sort of question as reasons. It doesn't say that.

Secretary BENTSEN. I note that the Office of Government Ethics, which I had asked to do this investigation, after studying it, came to the conclusion that no standard of ethics has been violated in that regard; and they are the experts as far as I am concerned.

Mr. CASTLE. I disagree with that.

I yield back the balance of my time.

The CHAIRMAN. The time of the gentleman has expired.

Mr. Watt.

Mr. WATT. Thank you, Mr. Chairman. I wanted to go back to the previous exchange about the substantive work of this committee and, like Mr. Frank, commend the Chair for the substantive things that the committee has done.

Now, I think we do our best work when we are engaged in substantive pursuit; and on that issue, I have absolutely no problems with the work of this committee. But as I have indicated previously in these hearings—and I have been in and out of them for the 4 days that—now that this committee has been involved in them—I think this is not substance. It is “he said,” “she said,” “Altman said,” “Hanson said,” “Bentsen said”; and I just don't think we have done the public or the Nation any real, substantive good as a result of these hearings. And I am not blaming that on the Chair by any stretch of the imagination.

I think the whole purpose of these hearings has been political rather than substantive, and I am distressed that we have engaged ourselves in a tremendous waste of taxpayer money that I think we could have well used on much more substantive and important things.

I have no questions. I just felt the need to say that, and say it again, although that is not the first time during the course of these hearings I have said that and may not be the last.

I think we are doing the public a disservice to hire an independent investigator to go out and find the facilities, who has the wherewithal and resources to do that and then to engage in political Monday-morning quarterbacking and second-guessing behind that investigation. In my opinion, that just does us no good.

I yield back the balance of my time.

The CHAIRMAN. Will the gentleman yield to me?

Mr. WATT. Yes.

The CHAIRMAN. In order to reemphasize what I said at the beginning of the hearing, you are right, it is not substantive inasmuch as we are not proceeding in the course of a committee's agenda. We are proceeding under a House resolution mandate, which was voted for overwhelmingly by the House, and as implemented by the bipartisan leadership, refining of that resolution. So I can say to the gentleman that I can understand his frustration, nevertheless the House intent as reflected in House Resolution 394 is our order of the day. And once the Speaker designated this committee—now he possibly had two or three options of how to proceed and he decided to name this committee to hold the Whitewater hearings. We had no choice but to proceed, as I have been accused of; and that is that

I wasn't one of those asking any more than I was one of those demanding the independent counsel—it wasn't my voice.

All I have ever said from day one is that always the committee must underline and predicate its activities on the basis of its jurisdictional responsibilities; that is, with a legislative purpose in mind. And that is the only thing I must say and repeat, that these hearings are not of the committee's making. This is a committee attempting to carry out the will of the House as expressed in a House-passed resolution.

Mr. WATT. Mr. Chairman, I hope that nothing I have said either in this setting, or at the prior times I have said it, have been interpreted by you as a criticism of the Chair of this committee.

The CHAIRMAN. No.

Mr. WATT. I understand the political process by which we arrived at this point, and I still think that we have done the Nation the disservice of looking for a needle in a haystack; and I don't think we have found the needle, and a lot of times we haven't even found the hay in this hearing.

Thank you.

The CHAIRMAN. If the gentleman will yield further, I wasn't worried about the gentleman's remarks in any way attributing anything to the chairman. What I was worried about was that his words, as well as the words of other members that have expressed themselves similarly, would be interpreted by those who are charging that the majority are obstructing and are covering up—and using the gentleman's words as a justification for their criticism of the hearings—that is the only thing.

But I thank the gentleman.

Mr. FRANK. Mr. Chairman, if the gentleman would yield, I do think we ought to note, however, that there does appear to have been a certain public judgment on this. I think the Secretary got larger audiences when he was testifying on comparative aspects of debt management in the G-7 countries.

The CHAIRMAN. I will come to that when we finish the witnesses.

Mr. King, I believe.

Mr. KING. Thank you, Mr. Chairman. With that wonderful prelude, I will look for the needle.

Mr. Secretary, I want to join my colleagues in commending you for your outstanding career in public service. I want that on the record, up front.

I would like to direct your attention to the meeting of February 1, 1994 which was with Jean Hanson and Roger Altman. I believe your testimony was—that it is fair to say that at that hearing Mr. Altman indicated he was going to recuse himself.

Secretary BENTSEN. No, he didn't. At that time, I got the impression he was trying to make up his mind and had not.

Mr. KING. So as of the time he left your office, he had not made up his mind?

Secretary BENTSEN. No.

Mr. KING. He met at the White House on February 2, and apparently, from the testimony at that meeting, he indicated he was going to recuse himself; and when others, such as Mr. Nussbaum, made arguments against it, Mr. Altman decided to reconsider.

On February 3, he went to the White House to tell people in the White House, including Mr. Nussbaum and Ms. Williams, that he was reconsidering recusing and would not recuse himself at that time.

I believe it is your testimony today that it was not until several weeks later he advised you——

Secretary BENTSEN. No. I didn't say that. I said sometime later. I don't remember the date. It has been alleged, I think, by some that it was February 3. I don't recall the date. I know subsequent thereto he told me he was not going to recuse himself.

Mr. KING. So it could have been on February 3?

Secretary BENTSEN. Yes.

Mr. KING. Mr. Secretary, I know there is a certain partisanship to some of these hearings, and I know that some of my good friends on the other side are trying to make this out to be strictly as a Republican attack, somehow, on members of the administration.

With reference to Mr. Altman, quoting Senator Riegle, who I believe yesterday said to you that frankly he "didn't think there was any acceptable excuse for Altman's inaccurate testimony" on February 24; and Senator Kerry who, deciding whether to believe Ms. Hanson or Mr. Altman, said, "It is hard for me to imagine that she, Ms. Hanson, would take it upon herself to go to the White House," indicating that he was agreeing with Ms. Hanson; and then we had Deputy White House Counsel Joel Klein referring to Mr. Altman's March 1 letter, saying he and the White House were concerned and frankly puzzled by why Mr. Altman was not more expansive and did not give more evidence in his letter, even though he knew, for instance, about the recusal meeting and had been reminded of it the day before.

The reason I am saying that is, this is not just partisan questioning of Mr. Altman. On the Senate side, the Democrats were also very critical of Mr. Altman's testimony.

I don't want to debate on what Mr. Altman said. I would ask you as the Secretary of the Treasury to review Mr. Altman's testimony of yesterday. I used the words at one time in questioning him, and I didn't mean it disrespectfully although it may have sounded that way, that I thought he was being cute; every answer he gave was being tailored so 6 months later he could come back here and say, I didn't mean this, I meant that.

Also, I would particularly draw your attention to his testimony regarding his meetings with Maggie Williams, especially the meeting in July when he dropped the envelope on her desk; because yesterday morning—and this is my recollection of the record—when being questioned by another member, he said he explained to her what was in the envelope.

When I questioned him in the afternoon and said, Mr. Altman, Ms. Williams says you did not tell her what was in the envelope, then he started to backtrack from the testimony; and I think that is indicative of his entire testimony regarding his encounters with Ms. Williams. And I feel a person in his position, such a high position in the government, should not be tailoring testimony; and I think it warrants looking at.

It is not just his testimony of February 24, which Democratic Senators, including Senator Riegle, Senator Sarbanes, and others,

have been very critical of; it is also his testimony before this committee regarding his diary entries regarding his conversations with Maggie Williams—not 6 months ago, not 18 months ago, but 2 or 3 weeks ago, and cases where he changed his testimony, I believe, from yesterday morning to afternoon. And I think it is a very serious question when a person in such an important position in the government gives that kind of testimony.

Mr. Secretary, I ask that you review that and decide then whether he should be kept on as Deputy Secretary of the Treasury.

I yield back.

The CHAIRMAN. The gentleman yields back the balance of his time.

Mrs. Maloney.

Mrs. MALONEY. Thank you, Mr. Chairman.

Mr. Secretary, thank you for your many years of service to our country. As we are speaking here today, we are debating on the floor the Interstate Banking Improvement bill, which was one of the first recommendations in your position as Secretary of the Treasury.

My first question is, do you believe that any of the members of the Treasury Department—have any of the Treasury officials lost your confidence in their ability to do their jobs? Do you believe that any of the officials in the Treasury Department should step down?

Secretary BENTSEN. No, I do not. I think that they are capable, intelligent people. Obviously, there have been some concerns, and I think they share those concerns.

Mrs. MALONEY. There have been claims that the contacts, the many contacts have resulted in the manipulation of the regulatory system. I would like to ask you a few questions about this charge.

Were you ever asked directly or indirectly to monitor the progress of the Madison case for the White House?

Secretary BENTSEN. Certainly not.

Mrs. MALONEY. Were you ever asked by the White House, directly or indirectly, to direct the RTC civil or criminal investigation of Madison?

Secretary BENTSEN. Certainly not.

Mrs. MALONEY. Do you know of anyone else at RTC who might have received those requests?

Secretary BENTSEN. No, I do not.

Mrs. MALONEY. There have been three investigations, all of which have resulted in findings that nothing criminal or illegal took place. To the best of your knowledge, did the Office of Government Ethics have access to all the witnesses and documents that they required to complete their report?

Secretary BENTSEN. Certainly, to the best of my knowledge, they did. We went to great lengths to try to provide those that were under our control.

Mrs. MALONEY. Likewise, do you believe that Robert Fiske had access to all the witnesses and documents that he needed to thoroughly complete his report?

Secretary BENTSEN. I have no way to know that, but I assume that. I don't know that.

Mrs. MALONEY. Do you believe, or to the best of your knowledge, did anyone at the Treasury or RTC do anything illegal or unethical? Did Roger Altman do anything illegal or unethical?

Secretary BENTSEN. Certainly not to my knowledge. I turned that over, at my request, to the Office of Government Ethics, who are the experts, to study all the actions of Treasury officials, contact with White House officials, and they found no violation of those ethical standards.

Mrs. MALONEY. Likewise, for Ms. Hanson and Eugene Ludwig and others in the Department?

Secretary BENTSEN. That is correct.

Mrs. MALONEY. There was criticism here yesterday when Mr. Leach made statements that there was a major effort to undertake to debunk the criminal referrals, and he showed a cover sheet documenting that the referrals were finally sent to the Justice Department, that RTC lawyers attached an objecting legal analysis. Do you, or are you aware of anyone that gave instructions to delay or impede the handling of the criminal referrals?

Secretary BENTSEN. I do not.

Mrs. MALONEY. Have you ever seen the criminal referrals?

Secretary BENTSEN. Have I seen a criminal referral?

Mrs. MALONEY. The ones in question.

Secretary BENTSEN. I don't recall having ever seen it—seen those, or frankly, I don't think I have ever seen any.

Mrs. MALONEY. Have you ever sought to obtain a copy of the referrals in question?

Secretary BENTSEN. No.

Mrs. MALONEY. What, in your view, are the best ways to deal—what was your view as the best way to deal with the Madison Guaranty matter?

Secretary BENTSEN. Well, I was in a role as Chairman of the Oversight Board not to intervene in those cases, and I made no study of it, had no occasion to or reason to.

Mrs. MALONEY. Thank you very much. My time is up.

The CHAIRMAN. The gentlelady yields back the balance of her time?

Mr. Fingerhut.

Mr. FINGERHUT. Thank you, Mr. Chairman.

Mr. Secretary, it is inevitable when you are the 51st member of the committee that the questions you wanted to ask have been asked already. I want to associate myself with some of the questions asked by Mr. Castle regarding the process of the "heads-up" policy of which I have expressed concern to Mr. Cutler previously, also to Mr. Bachus of Alabama, who complimented you on the fire-wall that you established dealing with criminal referrals and RTC matters, which unfortunately did not extend in other cases.

I think—in response to him, I think you called some folks at the White House the "meetingest people" you have ever seen, and I think that there are some lessons there.

I also associate myself with Ms. Velazquez' questions who noted that these reports, while they concluded that while there were no ethical or criminal violations, that there were management issues that needed looking into; and you responded appropriately that you would do that.

Let me make one point that I think needs to be cleared up. Mr. Grams and, to some extent, Mr. King raised the issue of the attempt or apparent attempt by the White House counsel, Mr. Nussbaum, on February 2 to persuade Mr. Altman not to recuse himself. I share the concern about that meeting. I think that that was not an appropriate thing for him to do.

However, Mr. Grams continued by saying that he inferred from that an attempt or desire on the part of the White House to keep Mr. Altman at the RTC.

I think it is important that the record have the notation that the White House nominated someone to take over the RTC, Mr. Tate, in June 1993—a Republican, indeed—to take over the RTC; and had he been confirmed, rather than running into confirmation problems and ultimately withdrawing in about December, Mr. Altman would not have been head of the RTC.

So even though I disagree with what Mr. Nussbaum did at that meeting, to infer that there was a White House attempt to keep Mr. Altman at the RTC ignores the history of the confirmation process.

The only other comment that I would make is that others have complimented you on your public service. One of the perks, if you will, of serving in this body is coming in contact with people who have helped make the history of our time. I have had a chance to do that on several occasions, but no one has been more impressive in my experience than you, sir; and I appreciate the testimony you have given and the service you have given.

Secretary BENTSEN. Thank you.

Mr. FINGERHUT. I yield back the balance of my time.

The CHAIRMAN. Mr. Thomas.

Mr. THOMAS. I would like to make one comment and will yield my time. I am delighted you are here, Mr. Secretary, and admire your service.

The business that has gone on with respect to openness and government, I have been involved both in-State and here for some time, and I think it is an essential element to democracy, it is an essential element to citizens, knowing what is happening. And it depresses me that we have had these ongoing hearings to try and get through the palace guard, and it is depressing to me.

I yield my time to Mr. Bachus.

Mr. BACHUS OF ALABAMA. Thank you.

Secretary Bentsen, I want to cover two or three points. Again, my point is that I think Ms. Hanson and Mr. Steiner and Mr. Altman—and it is hard to tell who exactly, when you get the different stories—but someone has not been truthful with Congress. I see no other way around it.

The fact that Mr. Altman says one thing, and Ms. Hanson says she also recalls it, and it wasn't that way; and just back and forth. I think you have a real problem when you have two people in those high positions that cannot seem to recall things anywhere close to the same.

I hope you will address that situation as Secretary of Treasury.

Secretary BENTSEN. I have spoken on that many times now, but I think you have got very busy people, and you have 5 and 10 months passing from the time of some of those instances taking

place; and to have total recall, it is quite understandable there can be a difference in recollection.

Mr. BACHUS OF ALABAMA. All right. Let me just go over with you, not to ask you questions, but I think to illustrate some answers that Jean Hanson prepared for you. I think they are evidence of her own willingness to make full disclosure to this Congress, and these were answers that she prepared for you to give to the Senate in her testimony. When did you first learn——

Secretary BENTSEN. Let me make a point to you.

Mr. BACHUS OF ALABAMA. I know you didn't see these and I am not going to question you. This is not for the purpose of saying, do you agree or disagree. This is simply as evidence of what she prepared and was going to suggest to you that you might say.

I am not saying that any of this is true, Mr. Secretary, just to illustrate what I think is her approach with this Congress and her desire to just get the truth out and put it out there. And the White House was calling for full disclosure, we have called for full disclosure, you have called for full disclosure.

And yet, here is what she prepared, "When did you first learn about these meetings?"

"In order to be sure about my answer I would need to consult my records and talk to the people involved. I have decided not to do so at this time. As I have stated, Mr. Fiske is doing the fact-finding, and we will cooperate fully with his inquiries."

And I will tell you that almost every response she made had on there—one option was the Fiske response, was simply to say that Fiske is doing his job, and when he gets through, I will talk about it.

Second question, "When did Deputy General Counsel Dennis Foreman first learn of the Treasury-White House meetings on Whitewater?"

Answer: "As I have said before, I have not engaged in my own fact-finding on these contacts. Mr. Fiske is doing the fact-finding, and we are cooperating completely with his inquiries."

Question: "In light of the White House guidance cautioning against meeting with officials of independent regulatory agencies conducting or about to conduct investigations, why is it that neither you nor Mr. Foreman were given advance notice of these meetings?"

Answer: "As a preliminary matter, I would note that the RTC is not a regulatory agency; in fact, as a receiver for failed thrift institutions, the Office of Thrift Supervision regulates it," just sort of a nonresponsive-type answer. As I have said before, these are not answers you gave; I want to make that clear for the record.

"As I have said before, I have not engaged in my own fact-finding on these contacts. Mr. Fiske is doing the fact-finding, and we are cooperating completely with his inquiries. I have asked the Office of Government Ethics to advise me on any ethics issues raised by the meetings, and they have told me they will do so once they are notified by Mr. Fiske that it is appropriate to proceed."

And this is just, did you have advance notice of a hearing; and the response is something like, I have asked for an investigation by ethics. Did you discuss with Mr. Altman—on and on.

Secretary BENTSEN. Let me make it clear, there was absolutely no input from me on that.

Mr. BACHUS OF ALABAMA. I agree, and I applaud you for not using some of this double-speak with this committee.

I would close simply by saying to you as Chairman of the Oversight Board—and I think you know this—that it is the obligation of this committee to have oversight hearings each 6 months, and we have failed to do that. We have had one in the Senate, but the House Banking Committee has not had an oversight hearing since April 16, 1993.

The CHAIRMAN. The time of the gentleman has expired. If the witness has any comment, the Chair, of course, will recognize him. Secretary BENTSEN. I have no comment.

The CHAIRMAN. No question was ever propounded.

Mr. Huffington.

Mr. HUFFINGTON. Mr. Chairman, I just want to say hello to the Secretary and his wonderful wife. I have known the family for 20 years when their son was at Harvard Business School with me. I wish you well for the remainder of your tenure as Secretary.

Secretary BENTSEN. Thank you very much, Congressman.

Mr. HUFFINGTON. I yield my time to Mr. Bachus.

Mr. BACHUS OF ALABAMA. Since I have some additional time, I will set out that you have stated on the record several times that things needed to be changed at the RTC in the operation.

One of the things you said is it needed a full-time CEO.

Secretary BENTSEN. That is correct.

Mr. BACHUS OF ALABAMA. In fact, Mr. Secretary, I have written saying we need a full-time CEO and members of this committee have said the same thing and we have pointed out some of the things you have said and we have said—and those things are things that could have been examined in oversight hearing.

I simply want to say for the record that again, by repetition, this is something that I have been saying in letters to Chairman Gonzalez and in letters to Speaker Foley, that this committee has an obligation to meet concerning the RTC.

You all have made your reports, every 6 months and the law clearly states that no later than 30 days after the submission of the semiannual reports required by the act, the Oversight Board, with you as Chairman, shall appear before the Committee on Banking and give a report and be available for cross-examination.

And we—and I have a record—I am going to enter it in the record. I also spoke about it on the floor of the House. The Oversight Board was established in legislation August 9, 1989 and since that time, the Senate and the House had hearings approximately every 6 months, but then starting in April 1993, the House missed—you reported in April, we didn't meet to discharge our oversight obligations.

You reported in October. We didn't meet to have oversight responsibilities. You have reported earlier this year. We still hadn't met. We are three oversight hearings in arrears, and it was also the responsibility of this committee to have had these hearings and to have questioned you and the Oversight Board about several of the shortcomings which have caused problems with these contacts between the agencies and other significant problems.

We are talking about an agency which has been appropriated billions of dollars of money and there has been absolutely no oversight by this committee, and I would simply enlist your cooperation—I know you are not the person who can call that meeting—but in urging that we discharge our oversight responsibilities as required by law.

Thank you, Mr. Secretary.

Secretary BENTSEN. Mr. Bachus, I have great confidence in this chairman. I have known him a long time.

Mr. BACHUS OF ALABAMA. Let me respond to that by saying you do have confidence in the chairman and I think you are aware that under the law, the chairman calls the Oversight Board before this committee, and I hope that by that response, you are not in any way condoning our lack of hearings as required by law?

Secretary BENTSEN. The chairman knows the responsibilities of the committee. He knows the many priorities that he is facing in this committee, the great breadth of legislation. He is the better judge of that.

Mr. BACHUS OF ALABAMA. Mr. Secretary, in response, it is a legal obligation of this committee to meet, a legal obligation. It doesn't say if we have other things to do, we can ignore this legal obligation.

I am going to submit the schedule of our hearings and our missed hearing and also the law requiring this committee to exercise its oversight.

The CHAIRMAN. I will object to that submission as being non-germane to this hearing and as surplusage. It has already been placed on the record by you several times and I will remind the gentleman that I am the author of section 501, and that section is entitled the "Thrift Depositors Protection Oversight Board," and not the RTC. And with regards to these hearings, the gentleman will recall that I have explained to him—since we are going into that, I think the record ought to show that if we had followed the 6 months rigorously, which incidentally the timing of the hearing is subject to the agenda of the committee, and in December 1993, was the 6-month period. Although the House was out of session, I made an inquiry as to whether or not—I could get any members to attend a hearing, and the reply was negative; let me say principally on my side, too.

So that when I set the hearing for March 24, and the gentleman, among others, including Mr. Leach, on the weekend before the 24th, which was a Thursday, announced that if I were not going to give the ruling, that they were going to seek in accordance with their command, they would, in the words of Mr. Leach, create a donnybrook.

I then suspended the call of that hearing in order to maintain the integrity of the processes of the committee and the Chair would have ruled, so if that opportunity had been given, from the task imposed on the committees, both the Senate and the House, under section 501 of FIRREA.

So I have gone into this even though actually technically it is not germane to this hearing. The gentleman knows that, but I think that we have saved more time by just letting him proceed.

Mr. BACHUS OF ALABAMA. Mr. Chairman, may I respond, in fairness?

The CHAIRMAN. No, I was responding to the gentleman after his time had expired and only for the clarification of the issue, which is nongermane and in order to save the expenses of the printed report, object to the submission of what the gentleman has done already for the record, both in the House record as well as in the proceedings of this committee, not once, but several times.

Mr. BACHUS OF ALABAMA. In response, I would like to say two things. First of all, I hope that the chairman is not implying that these appearances by the Oversight Protection Board are not required by law.

Two, I hope the chairman is not implying that I have not continuously requested that these hearings be held.

The CHAIRMAN. The Chair will not recognize the gentleman to continue. I think that the Chair's competency has been well established in that respect and we will proceed from there.

I hope that at the time we do, the gentleman will be there to get the information and restrict it to that information under section 501, which I had pled that we be allowed to do on March 24.

Mr. Secretary, thank you for your wonderful cooperation with this committee, your willingness to appear before us, and your patience.

Mr. Leach.

Mr. LEACH. Just for an unanimous consent request to put a brief statement in the record.

Also if I could in 10 seconds, I would like to suggest that the Secretary has been very well served by his staff in preparation for the hearing in the sense that I think I speak for the majority—particularly Mr. Bob McNamara has given this committee full cooperation, probably seminal in my experience around here, in a delicate circumstance and I think it fair to place in the record that at all points in this difficult hearing, the Secretary's personal staff and personally has been very cooperative and I think that should be clear.

The CHAIRMAN. I think the record ought to show that on our majority side, we have five staff, investigators and all. On the minority side, they have over 30.

So these ideas that we would in any way have obstructed or tried to cover up, I think, is dispelled by that fact. Also let me point out that the Department of Treasury and the Secretary himself and his staff have made every single document and interview requested by our staff possible, no hesitation, and I think the record ought to show that and I join you, Mr. Leach.

I just have one final thing here. If I could get you to tell us what is going to happen to the yen and the deutsche mark, we could fill this Chamber right away.

I want to thank you again.

Secretary BENTSEN. You are generous.

The CHAIRMAN. If you are willing to go into those subject matters, I will call another meeting.

Secretary BENTSEN. Thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you, sir, and Mrs. Bentsen.

[Whereupon, at 1:30 p.m., the hearing was adjourned.]

APPENDIX

August 4, 1994

Opening Statement of The Honorable Henry B. Gonzalez

August 4, 1994

Today we begin the fourth day of hearings on the so-called Whitewater affair.

We are privileged to have as our witness a distinguished former Member of the House who later served as a member of the other body, became a candidate for Vice President of the United States, and who today is Secretary of the Treasury.

Before I recognize you, Mr. Secretary, I would like to advise you and the Members that later this morning the House will take up the rules and conference reports on the Committee's major banking bills for this session -- the Interstate Branching and Bank Efficiency Act, named for our colleague Steve Neal; and the Community Development Financial Institutions Act, named for another former Member of the House, Senator Don Riegle. This latter bill contains a vast number of provisions ranging from regulatory relief to money laundering, with flood insurance thrown in for good measure. I would note that these bills both passed the House on a voice vote and were developed with thorough bipartisan cooperation. I thought I should note this before we plunge again into today's political festivities.

Mr. Secretary, we have asked our witnesses in these hearings to be sworn. This in no way is a mark of disrespect, and in no way casts suspicion or doubt on anyone. None of our witnesses has been accused of any crime, and none have even been accused of ethical violations. We are not prosecutors, judges or jurors; this is not a legal proceeding, but a hearing of the Congress for informational purposes, mandated by House Resolution 394.

Since we do have bills coming before the House later this morning, and Members will want to participate in the debate on those bills, I suggest that we enter all sermons into the record and recognize the Secretary.

STATEMENT BY REPRESENTATIVE JAMES A. LEACH
 WHITEWATER HEARINGS
 AUGUST 4, 1994

Mr. Chairman, the witnesses we heard from yesterday from the Treasury Department add yet a fuller dimension to the pattern of poor judgement, dim recollections and conflicting accounts regarding the White House and Treasury Department contacts.

Mr. Altman and Ms. Hanson, as we know, have very different and contradicting recollections on major events. Mr. Altman does not remember directing or suggesting she brief Mr. Nussbaum -- Ms. Hanson does. Mr. Altman doesn't recall the February 1, 1994, meeting with Secretary Bentsen at which he blessed their White House briefing -- Ms. Hanson does. And Mr. Altman doesn't recall hearing from Ms. Hanson about the first of her fall meetings -- her September 30, 1993, memo strongly suggests she did.

Like many White House witnesses, Mr. Altman and Ms. Hanson, of course, each have a poor recollection for major details on sensitive political facts. For example, Ms. Hanson doesn't recall Bill Roelle telling her she cannot tell anyone else at Treasury about the criminal referrals except Mr. Altman. Nor does she recall being briefed on PLS's legal opinion on the criminal referrals; Glion Curtis, in his deposition to the Treasury Inspector General, does.

Mr. Altman is given credit for reorganizing the RTC, but doesn't recall any knowledge of key institutional changes related to the development of criminal referrals, changes designed to bring the heretofore largely independent regional investigations units directly under the control of the Washington-attuned PLS legal department.

Mr. Altman also has no recollection of Bill Roelle briefing him as to the first criminal referral shortly after he took over as Interim CEO. Putting aside Mr. Altman's testimony before the Senate -- which our colleagues in the Senate have already closely parsed -- it surely appears that this lack of recollection strains credulity.

As to Mr. Steiner, we, of course, were struck with the matter of fact quality of his diary, but we were also struck by its apparent inconsistency with many other people's recollections of the events it describes.

Mr. Steiner himself displayed refreshing openness at times, but he, too, exhibited questionable judgement and lack of recollection on key points. For example, he failed to complete a briefing he started with Secretary Bentsen about the October 14 meeting because the Secretary had asked a difficult question he did not know the answer to, and, according to Ms. Hanson's interview, he was apparently unwilling to tell the Secretary personally about the fall meetings on the eve of the Washington Post story. These acts, combined with the others regarding Mr. Altman and Ms. Hanson, shake one's faith regarding those at the senior level in the Treasury Department.

More disturbing, however, is the pattern of conduct by Treasury Officials regarding the RTC unveiled yesterday. One can't help but be struck by their lack of sensitivity and deference to the RTC's own rules of operation. The RTC, for example, would not have shared the criminal referral information with the White House: Altman and Hanson did. The RTC wouldn't have confirmed or denied the reporter's inquiries regarding the criminal referrals: DeVore did.

And even more disturbing is Cutler's rule -- It is O.K. to give a "heads-up" tip-off to the President, even if he is involved in a

criminal probe -- as modified by Ms Hanson's "imminent" or "anticipated" press leak corollary.

The individuals who testified yesterday failed to see, as the OGE report makes clear, that the RTC is an independent institution, not the Treasury Department's finger bowl or the White House's blind cop.

One of the lessons that Congress should take from these hearings is that independent agencies should never again be run on a prolonged basis by political appointees to other departments.

But the primary lesson for all of us relates to public ethics. There is no greater ethical issue than truthsaying; for without it there is not "trust." And without trust we can not have credible governance.

Candor would appear, clear and simple, to have been a casualty of this process. When two intelligent people give opposite representations, one or the other is not telling the truth.

This morning we will have the opportunity to discuss these issues and these lessons with Secretary Bentsen. I am confident he will have some thoughtful and interesting insights.

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FOR RELEASE UPON DELIVERY
Text as prepared for delivery
August 4, 1994

**Testimony of Treasury Secretary Lloyd Bentsen
House Committee on Banking, Finance and Urban Affairs**

LB-998



FOR RELEASE UPON DELIVERY

Text as prepared for delivery

August 4, 1994

TESTIMONY OF TREASURY SECRETARY LLOYD BENTSEN
HOUSE COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS

Chairman Gonzalez, Congressman Leach, members of the committee:

There are a number of points I would like to cover this morning. For organization's sake, I want to present my testimony in four parts. First, I want to describe my relationship to the oversight of the Resolution Trust Corporation and how my office operates. I want next to address my recollection of events. I'd like also to discuss the steps I have taken over the past months. And finally, I want to cover the conclusions which have been reached and the actions I will take.

Knowing that the responsibilities of a Cabinet officer are different from those of a Member of Congress, I put two systems in place when I came to Treasury to help me make the transition.

First, as it regards the RTC, I serve as Chairman of the Oversight Board. By law I am prohibited from involving myself in any day-to-day matters. I can discuss policy in broad terms, but I cannot intervene in any case-specific matters.

I asked my legislative director, Mike Levy, to make it clear if members or staff inquired about specific cases, that they should be directed to the RTC, not to me.

Second, I have organized my office such that all the paperwork on matters of policy and Treasury's varied operations flows through my Executive Secretary, Ed Knight. Ed's the gatekeeper. It's his job to make certain that what crosses my desk as it regards the RTC -- or any issue for that matter -- contains only those materials which I should be seeing -- and nothing else.

LB-998

(MORE)

We have a thick manual at the department about how information flows to my office. I insist on written briefings. It makes the best use of my time. It's the best way I've found to absorb information. When I'm asked for a decision, I expect a memo that gives me the background, lays out the options, tells me what the staff recommends. That way I can either make the decision, or let my staff know I want more information or want a meeting on the issue. That's how I deal with substantive issues, not in some bull session.

In short, I have a very organized office procedure. I have run my offices like that for years -- in business, in the Senate, and at the Treasury Department.

Mr. Chairman, if someone on my staff wanted to communicate with me in a meaningful way, this is how they would have done it. Through my in-box, with a memo, with a meeting on which I was briefed, in writing. That's not to say I don't have occasional impromptu visits from or conversations with my staff. That often happens if there's a developing crisis that must be dealt with. But for matters of any import, I prefer paper.

I asked my staff to go back and look at my office records to see what I was involved in over the period in which the committee is interested. From the 23rd of September last year until March 21 of this year, I had nearly 800 meetings on 560 topics. I attended 130 meetings at the White House, met with 51 members of Congress, and testified on the Hill 11 times. I received more than 500 written briefings to prepare for my meetings. I delivered 60 speeches, gave 80 interviews, had 25 press conferences. I received over 2,400 memos. And during that period I traveled to seven countries and nine states.

This entire issue revolves around meetings that I understand were on the issue of handling press inquiries about the Madison Guaranty referral, or on the procedures the RTC would follow in pursuing civil claims. There are differing recollections, but they are about actions that two independent investigations tell us broke no criminal law and violated no ethical standard.

I have turned the Treasury Department upside down. I've turned my memory inside out. We went through thousands and thousands of documents and can't find one written briefing to me on these White House meetings. It wasn't until March 3rd that I learned the extent of these meetings. I issued a statement about the meetings and said that I had not attended them and did not know about them.

I may be walled off from most RTC matters, but I am responsible for what happens at the Treasury Department, and I accept that responsibility. I immediately asked the Office of Government Ethics to examine these contacts. They're a nonpartisan agency. They're the experts.

In preparing for this hearing, I agreed to the committee request to avoid looking at materials regarding the case until I gave my deposition to the committee staff. I agreed to that request, although it frustrated me because I wanted to wade into this and find out all I could. I had to wait over four months to start looking at these papers.

After I gave my deposition last week, I sat down and began to read through the material. I saw nothing that changes my recollection.

Let me lay out for you what my basic recollection is about these matters.

First, I read in the press sometime in October about criminal referrals and Madison Guaranty. Second, on February 1, Roger Altman and Jean Hanson came to my office. Roger told me he was thinking of recusing himself, and the other subject that came up was the legislation on extending the statute of limitations. Later that month Roger told me he had decided not to recuse himself.

On February 23rd, I met with Roger and Jean Hanson briefly in advance of the RTC oversight hearing the 24th. I again told Roger the recusal issue was a personal issue for him. On the 25th of February, I learned that Roger had testified the day before as to one meeting with people from the White House, and that he had recused himself. On March 3rd, I read in the press about two additional meetings. It was then that I asked for the OGE examination of the contacts and issued my statement.

Now, I would like to review the subsequent events.

Our Treasury Department Inspector General's office was asked to support the OGE examination. Mr. Fiske, the Independent Counsel, was already looking at this from the standpoint of the criminal statutes.

After I asked the OGE to examine the ethics issues involved, Mr. Fiske asked the Treasury IG to suspend his work while Mr. Fiske's investigation was under way. And the OGE also independently decided it would hold off until Mr. Fiske's work was complete so as not to interfere.

I want to point out the lengths to which the Treasury Department, at my direction, went to cooperate with Mr. Fiske, with the IG and with the congressional committees.

Every scrap of paper that remotely looked like it might conceivably have some relation to the Madison Guaranty savings and loan, or to contacts with the White House, was turned over to various investigators -- something on the order of 6,500 pages. We went through hundreds of thousands of documents with investigators to find the ones they needed. We used extra warehouse space to hold back our trash.

I brought in professional investigators from the IRS to go through the top offices in Treasury -- mine included. We removed computers from the offices of those involved, including those used by the support staff, and had experts go through them to find anything that would be useful. We worked around the clock, quite literally. We searched offices nationwide to see what could be found. And my staff was always promptly available to Mr. Fiske, the IG, and congressional investigators to answer questions.

Now, when Mr. Fiske completed his report on this phase of his investigation and concluded that no criminal laws were broken, I asked the OGE to complete its examination of the contacts and report back to me.

Over the past weekend I received the OGE report. I released it to the public, and then I sent it to the President's counsel. I also sent it to every member of this committee and the House Banking Committee.

The Office of Government Ethics, after a careful analysis of the independently-gathered facts, says I can conclude that those working at the Treasury did not, repeat did not violate any of the standards of ethical conduct for employees of the executive branch of government.

I heard a senator say something the other day that stuck with me. He said that in this town, an allegation is synonymous with conviction, without benefit of a trial or hearing.

Clearly, in retrospect, it might have been better if some of these meetings or contacts had not taken place, or had occurred in a different context. But when you boil it down, no criminal law was broken, and the people who work at Treasury did not violate the ethical standards. And no one at Treasury intervened in any way or interfered in any RTC action.

The OGE report did say it was troubled by some of the contacts, and it raised important issues that I believe should be addressed.

The OGE said it appeared there were misconceptions by Treasury officials that may have contributed to the contacts. Those include a possible lack of appreciation of the difference between a Treasury function and one belonging to the Resolution Trust Corporation, and what rules apply. They also include a misconception about the standard on the use of nonpublic information, and a misconception about the function of a recusal.

Those are very good points. I would point out the unique situation in which these contacts occurred no longer exists. Mr. Altman is no longer acting CEO of the RTC. And there no longer are lines of responsibility here that could give rise to misconceptions about job functions and the rules that apply. So the possibility for a jumbling of roles and a confusion about the rules has been greatly lessened.

I've only had this report for a few days, and I'm not going to make any knee-jerk reaction to what clearly are complex issues involving management of Treasury functions. I want to reserve judgment on that. I'm not going to make my decisions in the heat of debate. I will study this information -- and any thoughts the committee might have -- and take whatever steps I consider appropriate.

Before I conclude my testimony, I want to remind the committee of one important point: The Treasury Department has a law enforcement role, as do a number of other government agencies. It is critical that the Department be able to communicate with other agencies, and the White House when necessary. Let me give you some examples: The White House may need to know that the Secret Service is investigating a crime in which a visiting dignitary is involved. Or ATF and Customs might have an arms export case involving high officials of this government, or of a foreign country.

Clearly, there is a legitimate need to discuss matters, in the proper forums, with the proper individuals. There must be a mechanism in which public officials can communicate with one another without fear they're stepping over the line.

We've seen how grey areas can be -- where there's one set of rules at the RTC, and another at Treasury. And we've seen how there sometimes is no bright white line that gives public officials the guidance they need.

I have written the Attorney General, our Inspector General, and the Office of Government Ethics. I want to work with them -- and the members of this committee -- to see what remedies might be available to offer our employees better guidance. And it should be clearer for our officials how to handle the issue of confidential information as it regards press inquiries.

Mr. Chairman, members of the committee, two quick points in closing. First, I've been in public service for nearly 30 years. I've seen everything from the McCarthy hearings to Watergate, Iran-Contra, the Church Committee, all of it. What you have here is a unique confluence of circumstances that, when you strip away all the rhetoric, resulted in actions that broke no criminal law, did not violate the ethics rules and did not in any way affect the Madison case. I think that when Congress concludes these hearings, Congress and Americans who have followed this matter, will conclude the same. And finally, I am proud that throughout it all the Treasury Department has continued to operate at 100 percent and done a good job.

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August 3, 1994

The Honorable Lloyd Bentsen
 Secretary of the Treasury
 United States Department of the Treasury
 1500 Pennsylvania Avenue, NW
 Washington, DC 20220

Dear Secretary Bentsen:

Pursuant to the bipartisan House Resolution 394, and the recent bipartisan House Leadership agreement, the Committee on Banking, Finance and Urban Affairs will hold a series of hearings on the Washington phase of the so-called Whitewater affair. I respectfully request that you testify at the fourth hearing on August 4, 1994, at 9:30 a.m., in Room 2128, Rayburn House Office Building.

Your testimony should focus on your contacts with the White House and the Resolution Trust Corporation (RTC) related to Madison Guaranty Savings and Loan.

Committee rules require that 200 copies of your written testimony be delivered to Room 2129, Rayburn House Office Building, no later than the close of business August 3, 1994.

Thank you for your consideration. The Committee looks forward to your testimony.

With best wishes,

Sincerely,

Henry B. Gonzalez
 Henry B. Gonzalez
 Chairman

BILL ORTON
3d DISTRICT, UTAH

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Thursday, August 4, 1994

Hon. James A. Leach
Ranking Member, Minority
Committee on Banking, Finance and Urban Affairs

Dear Rep. Leach:

Pursuant to our colloquy during the Committee hearing yesterday, I am writing to request your disclosure of documents and information that you have referred to in the hearings to date.

Specifically, I understand that you and your staff have taken investigative trips on the Whitewater/Madison topic to, among other places, Kansas City, using funds and resources of the House Banking Committee. During these trips, my understanding is that you and your staff have interviewed individuals, gathered documents, and obtained other information.

Apparently on the basis on such information, you have made a number of statements and allegations in the Banking Committee which are critical of the Administration and the actions of individuals within the Administration. The implication of your comments is that you are in possession of some information that others on the Committee and the public are not in possession of.

In the interest of judging the validity of these statements and allegations, I would formally request that you provide me and the Banking Committee with a list of the individuals that you and your staff met with or interviewed during your investigative trips regarding Whitewater/Madison. I would also formally request that you provide me and the committee with copies of your interview notes, and with any statements, documents, depositions, or any other evidence or information that you developed during your investigative trips.

Furthermore, I would request that you specifically identify which, if any, pieces of information or evidence that you are supplying are new information, not available to either Special Prosecutor Fiske or to the Office of Government Ethics (OGE).

Hon. James A. Leach
August 4, 1994
Page 2

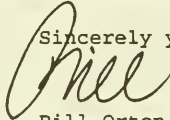
I believe such full disclosure is necessary for the Banking Committee and the general public to make informed judgments about the serious allegations you have raised.

Since you and the other minority members of the Banking Committee have consistently called for full and prompt disclosure of all matters pertaining to Whitewater, I assume you will quickly and completely comply with this request.

Since tomorrow may be the last day of this phase of the Whitewater hearings in our committee, I would expect to receive this material, in full, by the end of today, or by the beginning of tomorrow, at the very latest. This is consistent with the level of responsiveness on the part of the Majority in the House Banking Committee with regard to public disclosure of documents.

Thanking you for your cooperation in this matter, I am

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Orton", written in dark ink.

Bill Orton
Member of Congress

THE WHITE HOUSE

WASHINGTON

August 3, 1994

The Honorable Donald W. Riegle, Jr.
Chairman
Senate Committee on Banking, Housing
and Urban Affairs
Senate Dirksen 534
Washington, D.C. 20510-6075

Dear Chairman Riegle:

At the hearings yesterday, Senator Bond raised some questions about the ethical propriety of the cooperative arrangements made between the Treasury and the White House concerning their respective investigations into the so-called Treasury-White House contacts.

As you know, Secretary Bentsen asked the Office of Government Ethics to review the conduct of Treasury officials for its opinion on their compliance with the Standards of Conduct issued by that office. OGE asked the Treasury and RTC Inspectors General to conduct the fact finding on which it would rely for its conclusions. About the same time, White House Chief of Staff Mack McLarty asked me to undertake a similar review as to the White House officials involved.

Neither the Inspectors General nor I could begin this review until approximately July 1, when Independent Counsel Robert Fiske concluded his investigation of this subject. Mr. Fiske had requested each of us not to interview the Treasury, White House, or RTC officials involved until his own investigation had been completed. This is an understandable request by a careful prosecutor, and we both complied with it.

Since the congressional hearings were scheduled to begin in the last week of July, we each had a very brief time frame in which to complete numerous interviews. The Treasury and RTC Inspectors General naturally wanted to interview the White House officials who participated in these contacts, as well as the Treasury and RTC officials involved. Similarly, we naturally wanted to do the same. It was essential to the reliability of both reviews that they be based on the testimony of all those concerned.

The Inspectors General took sworn depositions, while our review employed an interview format. We permitted the Inspectors General jointly to take sworn depositions of all the White House officials they wanted, and we requested copies of all the deposition transcripts. Treasury provided us with the transcripts after all of the Inspectors General depositions (except for Mr. Ludwig's) had been completed. On this basis we were able to


The Honorable Donald W. Riegle, Jr.
August 3, 1994
Page 2

obtain the information necessary for our review without interviewing most of the Treasury and RTC officials (we did interview Mr. Altman, Mr. Steiner, and Ms. Hanson's lawyers).

The arrangements for receiving transcripts were made through the Office of the Secretary. They could not possibly have interfered with the independence of the Inspectors General's investigation or the resulting findings of fact, since we did not receive the transcripts until after all depositions (except one) had been completed and they were preparing their final report. These transcripts were used by me and my staff to complete my review of these matters and prepare for my congressional testimony. We did not provide copies to anyone.

I respectfully submit that these arrangements were entirely proper and did not compromise the independence of either the Inspector General's review or ours. They were simply an efficient way of performing our respective tasks thoroughly within the brief time period available.

Sincerely,



Lloyd N. Cutler
Special Counsel to the President

cc: Honorable Alfonse M. D'Amato, Ranking Minority Member
All Members of the Committee



DEPARTMENT OF THE TREASURY
WASHINGTON DC 20220

CONGRESSMAN LAZIO
(FOR THE RECORD)

July 24, 1994

The Honorable Henry B. Gonzalez
Chairman
Committee on Banking, Finance
and Urban Affairs
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

As part of our continuing response to the Committee's letter of June 27, 1994, I am forwarding four pages (2988-2989 and 2992-2993). Because of the personal nature of these documents we have asked your staff to be particularly sensitive to their confidential nature during the course of the Committee's inquiry. We appreciate this consideration.

If we can be of further assistance, please do not hesitate to contact me or Assistant General Counsel Robert M. McNamara.

Sincerely,

A handwritten signature in dark ink, appearing to read "Edward S. Knight".

Edward S. Knight
Executive Secretary and Senior
Advisor to the Secretary

1/6/99

Diary

- on Whitewater, Maggie told me that HRC was "paralyzed" by it.
- if we don't solve this "within the next two days", you don't have to worry about her schedule or health care
- was went over to see George on Whitewater yesterday; to argue for "letting the boil"
- Maggie's strong inference was that he with was trying to negotiate the sale of his independent counsel with fear of having someone difficult
- HRC "can't wait (the counsel) poking into 20 years of public life in Arkansas"

1/1/91

D

he had been asked to come to W.H. to speak to Ponder about
 Whitewater (together with Peick, Riley & Babbitt); but
 Christine Honey rushed over to urge him not to do it because
 Pete reports brought me to her, he took that advice.

2985

1/5/94

D

unfortunately, we've mislabeled parts of this: handling of the Clinton
 personal files from post-Vince Foster's office to B's personal lawyer
 delays in providing them to DOJ

2989



THE DEPUTY SECRETARY OF THE TREASURY
WASHINGTON

Rosen - Vintage

unsubstantiated

DEAR MR. PRESIDENT, *Altman - you are truly one of our country's finest.* *Ulf*
I WANTED TO EXPLAIN MY DECISION ON THE RECUSAL AND TO ASSURE YOU THAT I TRIED TO ACT WITH THE ADMINISTRATION'S BEST INTERESTS IN MIND.

THE DECISION TO HAVE THAT MEETING WITH YOUR STAFF WAS DUMB. I TAKE FULL RESPONSIBILITY FOR IT. MY INTENTION WAS O.K. - EXPLAIN THE PROCEDURES THE REC WOULD BE FOLLOWING (NO DISCUSSION OF THE SUBSTANCE OF THE CASE) - BUT THE APPEARANCES ESCAPED ME AND NEVER SHOULD HAVE.

RELATIVE TO RECUSAL, IT HAD BEEN UNDER CONSIDERATION FOR SEVERAL WEEKS. SECRETARY BENTON, TREASURY GENERAL COUNSEL AND THE REC COUNSEL HAD URGED IT IN THE STRONGEST TERMS.

NEVERTHELESS, I HAD THOUGHT IT SUPERFLUOUS AND HAD DECLINED TO TAKE THAT STEP. MY APPOINTMENT WAS SCHEDULED TO EXPIRE ON MARCH 30. AND, MY INSTRUCTIONS TO REC STAFF HAD BEEN TO HANDLE THIS MATTER IN IDENTICAL FASHION TO ANY OTHER CASE. THIS WAS TO ENSURE AN IMPARTIAL PROCESS.

BUT, AFTER MY TESTIMONY ON THURSDAY, IT BECAME CLEAR THAT APPEARANCES OF A CONFLICT WERE TAKING HOLD. I WAS ADVISED THAT THE ADMINISTRATION COULD BE HAMMERED OVER THIS FOR SOME TIME.

I CONCLUDE, THEN, THAT SUCH ONGOING CRITICISM WOULD BE MORE HARMFUL THAN ANY BENEFITS

JF WFD 6:28

P. 02



WASHINGTON

- 2 -

ASSOCIATED WITH MY REMAINING UNRECOVERED FOR FOUR MORE WEEKS.

HAVING RESISTED THE INITIAL ADVICE, THIS WAS A HARD DECISION TO MAKE. I HOPE YOU UNDERSTAND MY MOTIVATIONS. I APOLOGIZE FOR THE EMBARRASSMENT THIS HAS CAUSED.

Sincerely,

Rg



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

August 2, 1994

MEMORANDUM FOR EDWARD S. KNIGHT
Executive Secretary and
Senior Advisor to the Secretary

FROM: Neal C. Comstock *NCC*
Deputy Executive Secretary for
Policy Analysis

SUBJECT: Analysis of the Secretary's Activities During the
Period of September 23, 1993 through March 21,
1994.

In preparation for the Secretary's upcoming Congressional testimony on White House-Treasury contacts concerning Whitewater, I have gathered and analyzed information on the Secretary's activities from September 23, 1993 to March 21, 1994. All of the following information is for that period.

Statistical Breakdown of Specific Information

- o The Secretary had a total of 786 meetings¹ on 560 subjects including:
 - o 130 meetings at the White House;
 - o 51 meetings with Members of Congress including 32 meetings on Capitol Hill; and
 - o 11 appearances before Congress for testimony.
- o Types of Meetings
 - o The Secretary had 696 total scheduled² meetings.

¹ As used here, "meeting" refers to an event in which the Secretary participated, and of which a record appears on either the Secretary's final daily schedules or the handwritten logs of the Secretary's Executive Assistant.

² As used here, "scheduled" refers to events on the Secretary's final daily schedules. These schedules are prepared by the Scheduling Office.

- o The Secretary received 502 written briefings on 560 subjects to prepare for these scheduled meetings.
- o The Secretary gave 60 speeches.
- o The Secretary gave 80 interviews, including 25 press conferences.
- o The Secretary participated in 488 telephone calls including:
 - o 349 calls placed by the Secretary; and
 - o 139 calls received by the Secretary.
- o The Secretary responded to and signed 594 letters on 490 subjects.
- o The Secretary signed at least 683 action memoranda on 456 subjects.
- o The Secretary received 2414 memoranda on 2001 subjects.
- o The Secretary's travels included trips to:
 - o seven foreign countries;
 - o nine states; and
 - o 21 foreign and domestic cities.

Sources of Information Gathered and Analyzed

- o The Secretary's final daily schedules;
- o The Secretary's Executive Assistant's daily handwritten logs showing those who entered the Secretary's office for scheduled and unscheduled appointments, and showing telephone calls made to and by the Secretary;
- o The Secretary's final monthly block schedules;
- o The Secretary's daily briefing books;

- o The Secretary's Congressional testimony books;
- o The Secretary's foreign and domestic trip books; and
- o Executive Secretariat computer records.

How the Information was Gathered

- o Extensive search of Executive Secretariat files; and
- o Search of Executive Secretariat computer records.

How the Information was Analyzed

- o For the Secretary's meetings, categories were developed from the following materials, and these categories were used to gather the information presented above:

The Secretary's final daily schedules; the Secretary's Executive Assistant's handwritten logs; the Secretary's final monthly block schedules; the Secretary's daily briefing materials; the Secretary's Congressional testimony books; and the Secretary's foreign and domestic trip books.

In determining what constitutes a subject for this analysis, a written briefing on different aspects of the same issue, e.g. GATT, was regarded as concerning separate subjects.

- o For the Secretary's other written materials, computer records of letters the Secretary signed, memoranda the Secretary signed, and memoranda the Secretary received were analyzed. Executive Secretariat procedures require that all written materials for the Secretary be logged into the Executive Secretariat computer system.

Letters signed Computer records identified each of the 594 signed outgoing letters by an abstract description of the incoming letter and by the Treasury Department office to which the incoming letter was assigned.

The abstract for each letter was reviewed. By Treasury Department office, duplicate correspondence were searched for and eliminated. Since the Executive Secretariat assigns incoming letters by subject matter to Treasury Department offices for response, I believe

this approach identified virtually all duplicate correspondence. In making these determinations, correspondence concerning different aspects of the same issue, e.g. NAFTA, were regarded as separate subjects.

Action Memoranda Action memoranda for the Secretary are prepared for matters requiring policy decisions, his signature, or telephone calls.

Computer records identified 683 abstracts of action memoranda on which the Secretary made decisions. Within the computer records there were numerous entries on some issues that were so similar that they were counted as one subject. For example, 31 thank you letters to individuals who sent donations to reduce the national debt were counted as one subject for this tabulation.

Memoranda Computer records identified 2414 memoranda that were received by the Secretary. This number includes the 683 action memoranda and all of the briefing materials described above.

I believe this data presents as accurate a portrayal of the Secretary's activities as can be reasonably be depicted, given the sheer volume of paper regularly given to him. The information included here results from a good faith effort to locate, tabulate, and characterize every relevant document. The data necessarily reflects the judgment of those who worked on this project in characterizing each document.

The following people contributed significantly to, and were instrumental in the preparation of, this analysis: Sarah Fordney; Ken Thompson; Greg Patient; Ashley Lunkenheimer; La-Una Kennedy; Bernetta Davis; Norma Rodriguez; Beth Jones; Perry Bechky; and Fannie Gilyard.



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